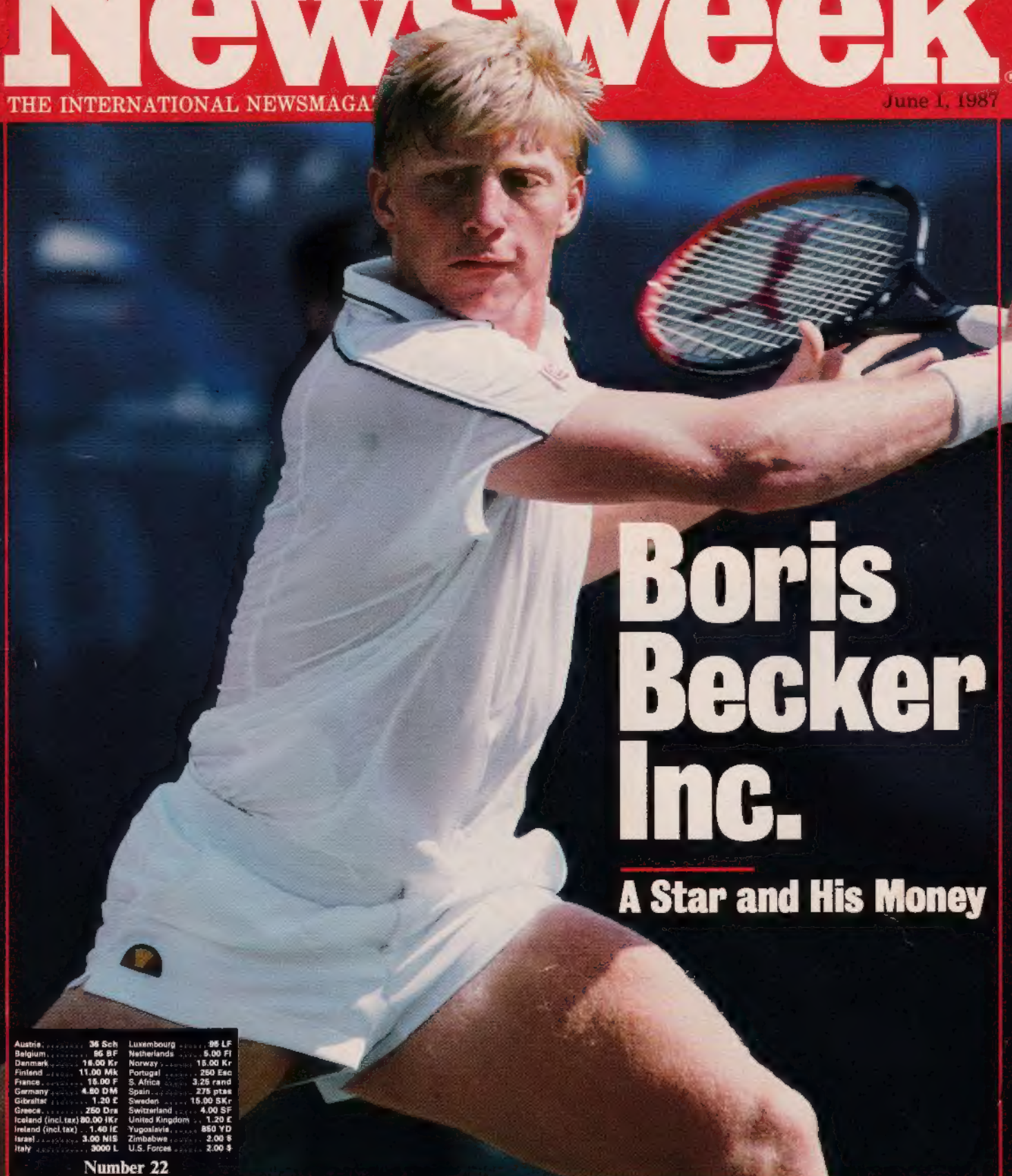


THE USS STARK FUROR
What Went Wrong?

Newsweek

THE INTERNATIONAL NEWSMAGAZINE

June 1, 1987



Boris Becker Inc.

A Star and His Money

Austria	36 Sch	Luxembourg	98 LF
Belgium	86 BF	Netherlands	5.00 Fl
Denmark	16.00 Kr	Norway	15.00 Kr
Finland	11.00 Mk	Portugal	250 Esc
France	15.00 F	S. Africa	3.25 rand
Germany	4.50 DM	Spain	275 ptas
Gibraltar	1.20 £	Sweden	15.00 SKr
Greece	250 Drs	Switzerland	4.00 SF
Iceland (incl. tax)	80.00 IKr	United Kingdom	1.20 £
Ireland (incl. tax)	1.40 IE	Yugoslavia	850 YD
Israel	3.00 NIS	Zimbabwe	2.00 \$
Italy	3000 L	U.S. Forces	2.00 \$

Number 22

What's the
life expectancy
of your
computer system?



It is possible that your present computer system will last for ever. So long as your business never grows.

But let's suppose business is booming. And let's hope it continues to boom.

What's going to happen when the time comes to update your system to meet your new requirements?

The chances are you'll have to replace your existing hardware.



Will you also have to throw out your software – and with it the huge investment which you've put into developing it and training your staff to use it?

Not if you invest in the I-9000 series from NCR.

The I-9000 series demonstrates perfectly NCR's total commitment to long-term compatibility.

What this means for our clients is that they can update their hardware without the trauma of having to change their software.

Although, of course, if they wish to, they can continually enhance their software as their system develops.

It's all part of NCR's tradition of quality.

And you can be sure we're committed to maintaining this for many, many years to come.

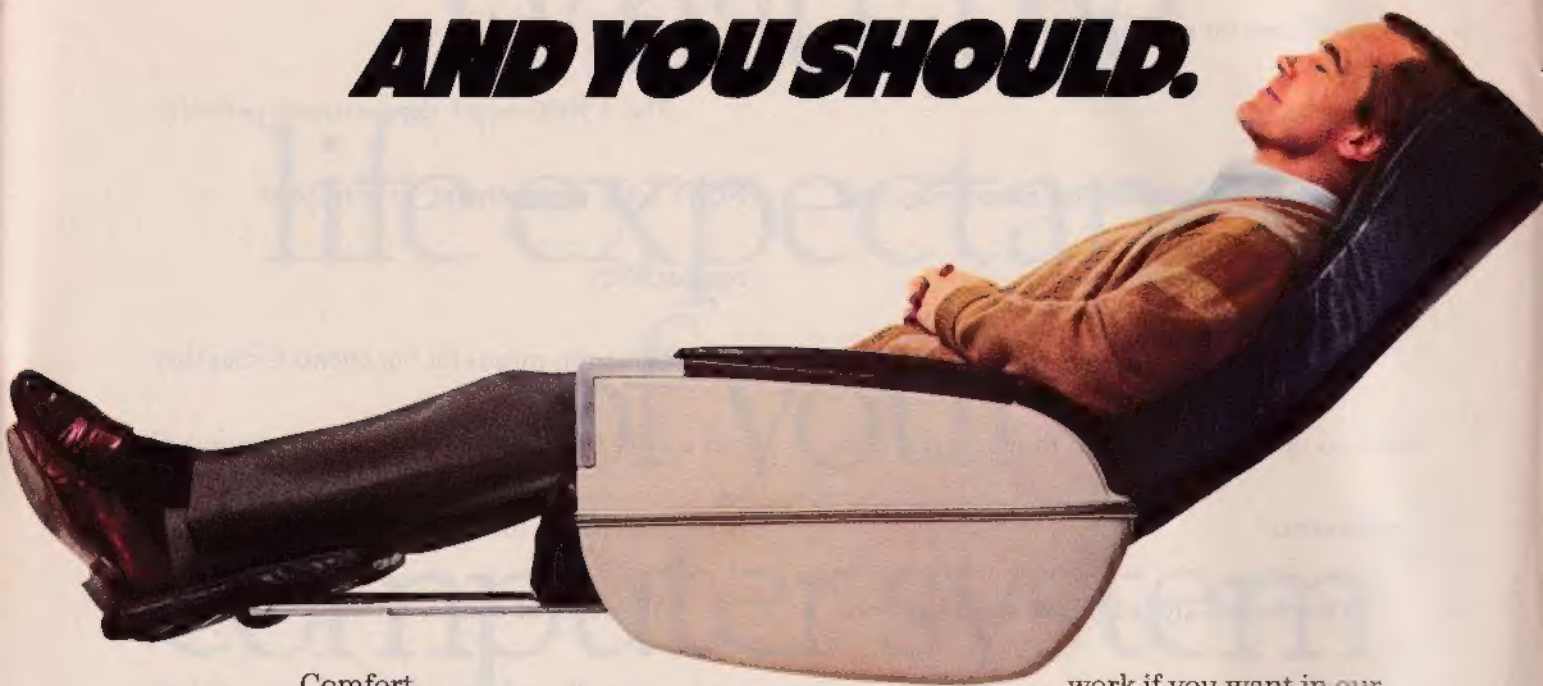
If you want to keep your software when you update your hardware, get in touch with NCR.

NCR

Get in touch.

YOU EXPECT MORE COMFORT FROM PAN AM.

AND YOU SHOULD.



Comfort.

Remember it? It's a word almost forgotten in the airline business today.

But not at Pan Am. You're going to hear more and more about comfort this year from us.

More comfort in First Class.

More comfort in Clipper® Class.

More comfort in Economy.

You'll be in total comfort in our new Sleeperette® Seats in First Class.

You'll be able to relax, stretch out, and



work if you want in our wider, more handsome Clipper seats (*with six, not eight, seats across*).

You'll be treated to new carpeting, brighter decor, better lighting, new electronic head sets and more elaborate and innovative menus.

There's more. We're also introducing an all new reservation system which means faster ticketing and shorter lines at the airport.

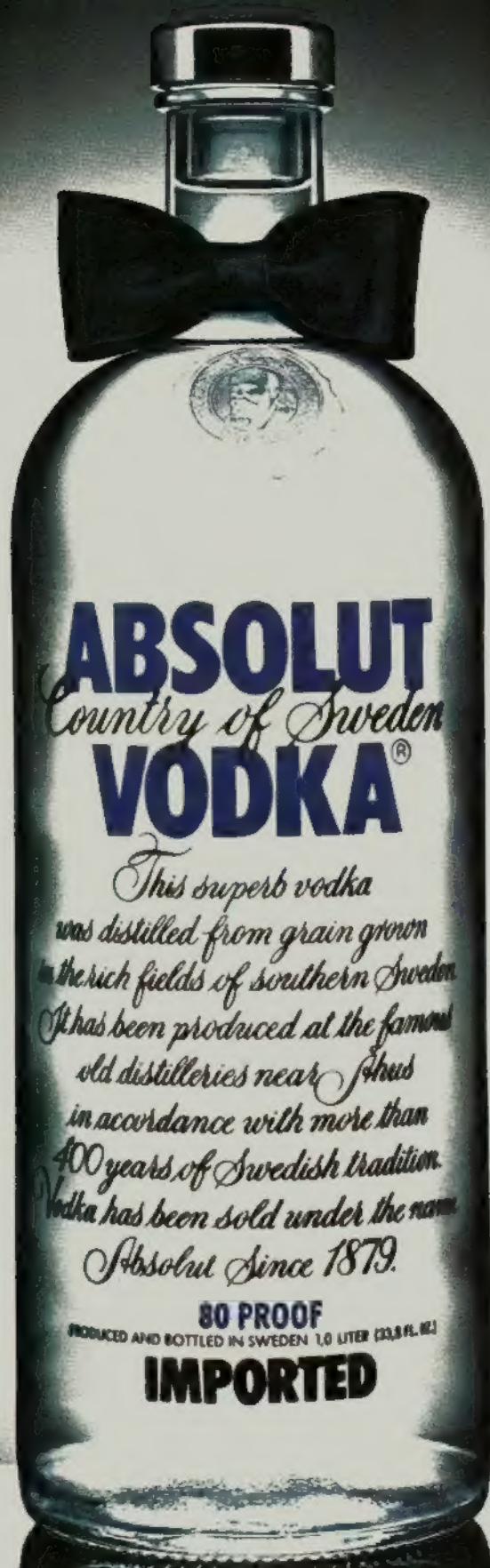
And as always you get that internationally famous Pan Am service everywhere you fly.

So if you appreciate comfort, come fly with us. And get more.



EXPECT MORE FROM PAN AM





ABSOLUT
Country of Sweden
VODKA®

*This superb vodka
was distilled from grain grown
in the rich fields of southern Sweden.
It has been produced at the famous
old distilleries near Åhus
in accordance with more than
400 years of Swedish tradition.
Vodka has been sold under the name
Absolut Since 1879.*

80 PROOF

PRODUCED AND BOTTLED IN SWEDEN 1.0 LITER (33.8 FL. OZ.)

IMPORTED

ABSOLUT GRACE.

MONDAY	DEPART LONDON	1930	ARRIVE TOKYO	1510
TUESDAY	DEPART LONDON	1930	ARRIVE TOKYO	1510
WEDNESDAY	DEPART LONDON	1930	ARRIVE TOKYO	1510
FRIDAY	DEPART PARIS	2040	ARRIVE TOKYO	1525
SATURDAY	DEPART LONDON	1930	ARRIVE TOKYO	1510
SUNDAY	DEPART PARIS	2040	ARRIVE TOKYO	1525
SCHEDULE EFFECTIVE FROM JUNE 1st. EVENING DEPARTURE				
TIMES ALLOW EASY CONNECTIONS FROM OTHER EUROPEAN CITIES				

**AT THE END OF
THE DAY
ONLY ONE
AIRLINE FLIES
NON-STOP TO
TOKYO.
6 TIMES A WEEK.**



JAPAN AIR LINES
EVERYTHING YOU EXPECT AND MORE

Gulf Tragedy

These men made themselves immortal by dying for something immortal," Ronald Reagan told the weeping relatives of the sailors who perished on the USS Stark. But once the tears were dry, hard questions remained. Why wasn't the Stark better protected from the "accidental" Iraqi attack? What is U.S. policy in the Gulf? Is the Navy flexible enough?

U.S. Affairs: Page 8



A jet flies the Stark's dead home

Contra War

As the U.S. Congress debates the Iran-contra aid deal, the Nicaraguan rebels are penetrating Sandinista territory. Can they establish a base there? Can they beat government forces? NEWSWEEK went behind the lines to find the answers.

World Affairs: Page 22



Nicaraguan rebels on the move



A huge success both on and off the court: Becker

The Tennis Money Machine

He is not just a tennis superstar, but Boris Becker Inc.—one of the most formidable moneymaking machines in sports history. Few athletes in the world rake in the cash—an estimated \$10 million last year alone—like the freckled teenager who catapulted to success

after his 1985 victory at Wimbledon. Becker's phenomenal off-court success is a tribute to his playing skills and popularity—and to a business operation that has carried the commercialization of tennis to unparalleled heights.

World Business: Page 32



In a dilemma: The chancellor

Kohl and INF

So far, West German Chancellor Helmut Kohl has waffled on the proposed U.S.-Soviet INF treaty, fearing it would leave his country vulnerable. Now the allies and West German voters are prodding Kohl to accept the "double-zero" plan.

Europe: Page 16

AIDS Scams

With no AIDS cure in sight, victims of the disease are ready prey for quack doctors peddling half-truths, false hopes and potentially lethal treatments.

Health: Page 42

Desperate: Home remedies



U.S. Affairs

Tragedy in the Gulf	8
A questionable U.S. policy	12
The Navy: how vulnerable?	15

Europe

Kohl's missile dilemma	16
Furor over the census	19
France: the power of Le Pen	20
Inching along the highways	21

World Affairs

The "new contras"?	22
The aid fight in Congress	26
Israel: of secrets and scandals	28
Afghanistan: a kingly solution?	29
South Africa: opening salvos	29
The Philippines: Aquino's opponents cry foul	30
Yang goes to Washington	31
Fiji: on-again, off-again coup	31

World Business

Boris Becker Inc.	32
Aiming to be No. 1	34
The tennis monopolies	36
Citicorp writes off its Third	
World debt	36
Now, the bargainburger	36
Battle of the book barons	40

Back of the Book

Health: False hope for AIDS sufferers	42
New drugs: cutting red tape	42
Another worry for health-care workers	45
Movies: The clinkers at Cannes	46
Books: Portnoy-san's complaints	49
Religion: Gospelgate II: target Falwell	50

Departments

New Products	3
Opinion: Pranay Gupta	4
The Mail	5
Periscope	7
Newsmakers	41
Interview: Graham Leonard	52

Cover: Photo by Melchior DiGiacomo—Image Bank.

Vol. CIX, No. 22, June 1, 1987
© 1987 by NEWSWEEK, Inc.,
444 Madison Avenue,
New York, N.Y. 10022.
All rights reserved.

THE INTERNATIONAL NEWSWEEK

Published by Newsweek, Inc.

The Washington Post Company

Katharine Graham, Chairman of the Board
Richard D. Simmons, President

EDITOR-IN-CHIEF: Richard M. Smith

EDITOR: Maynard Parker

EXECUTIVE EDITOR: Stephen Smith

MANAGING EDITOR: Kenneth Auchincloss

ART DIRECTOR: Roger Black

NEWSWEEK INTERNATIONAL

EDITOR: Kenneth Auchincloss

MANAGING EDITOR: Tracy Dahlby

EXECUTIVE EDITORS: Alexis Gelber, Richard Steele

ART DIRECTOR: Alfred Lowry

REGIONAL EDITORS: Scott Sullivan (Europe), Melinda Liu (Asia),

Edward Behr (European Cultural Editor), Ronald Henkoff (European Economics Editor)

COLUMNISTS: Parris Chang, Carlos Fuentes, Han Sung-Joo, Pierre Lellouche,

Hilary Ng'weno, Anthony Sampson, S. Nihal Singh, Theo Sommer,

Jacobo Timerman, Jiro Tokuyama, Varindra Tazie Vittachi, George F. Will.

PRODUCTION MANAGER: Joseph A. Cosenza

CHIEF OF RESEARCH: Mathilde Camacho

SENIOR EDITORS: David M. Alpern, Melinda Beck, Dominique Browning, Lewis D'Vorkin, Jerrald K. Footlick, Tony Fuller, Peter Goldman, Jack Kroll, Larry Martz, Tom Mathews, Peter McGrath, Ron Meyerson, Lynn Povich, Robert Rivard (Chief of Correspondents), Elits Rubinstein, Mark Whitaker, Russell Watson.

DIRECTOR OF EDITORIAL ADMINISTRATION: Thomas J. Manning

PICTURE EDITOR: Karen Mullarkey

OPERATIONS DIRECTOR: Al Prybylowski

CHIEF OF RESEARCH: Anabel Bentley

LIBRARY DIRECTOR: Ted State

SENIOR WRITERS: Jerry Adler, Jonathan Alter, Harry Anderson, David Ansen, Bill Barol, Matt Clark, Walter Clements, Douglas Davis, Angus Deming, David Gelman, Tamar Jacoby, Lynn Langway, Charles Leachman, Tom Morganthau, Michael Meyer, Tom Nicholson, Rod Nordland, David Pauly, Peter S. Prescott, Eric Press, Harry F. Waters, Kenneth L. Woodward.

GENERAL EDITORS: Pete Axthelm, Sharon Begley, William Burger, Jennet Conant, Nancy Cooper, Jeff B. Copeland, Susan Dentzer, Kay Ertler, Ron Givens, George Hackett, Bill Hewitt, Paul Heath Hoefel, Lucy Howard, Terry E. Johnson, Barbara Kantrowitz, Phyllis Malamud, Richard Manning, William D. Marbach, Cathleen McGuigan, Jim Miller, Terence Monahan, Susan Fleming Moran, Colleen O'Connor, Bill Powell, Alan Rich, Michael Rogers, Eloise Salholz, Jean Seligmann, Laura Shapiro, Archer Speers, Mark Stevens, Fny Willey, Jacob Young.

OPERATIONS: Laura Leacock Gerstner, Vicki Fabris (Deputy), Photocomposition: James J. McVea, Donald Garrido (Deputy), Makeup: Woody Lovrich, Communications.

ASSOCIATE EDITORS: Virginia B. Adams, Katrine Ames, James N. Baker, Kathleen M. Berger, Paula Chin, Fred Coger, Patricia Conway, Niki Lee Cannon, Richard Gerstner, Tina Dioso Gillespie, Marianna Gonnell, Paul E. Kesting, Dianne H. McDonald, Arline H. Melizer, Anneta Miller, Ted Russell, Peter J. Salber, John Schwartz, Steven Shabad, Bob Spitzer, Nancy Stadman, Constance Wiley, Virginia Wilson.

ASSISTANT EDITORS: Darrell D. Adams, Joseph M. Arena, Jennifer Boeth, John Burke, John Concannon, Jerry Eitelberg, Richard Ernberger Jr., David Gates, Constance Guthrie, Abigail Kullik, Connie Leslie, Maggie Malone, Richard R. Matti, Patricia W. Mooney, Knolly Moses, Tessa Namuth, Rebecca M. Pratt, Deborah Witherspoon.

SENIOR EDITORIAL ASSISTANTS: Lincoln J. Abraham, Ray Anello, Martin Burke, Melanie Anne Cooper, William Damon, Dobrila Dolan, Andrew Eckmann, Gary Faulkner, Maura Stephens Foley, Carolyn Friday, David R. Friedman, Ellen Hartmann, Michael R. Hudson, Lynn James, Yvette Benedek Maor, Frank G. McCusker, Renee Michael, Aidan G. Mooney, Cecilia Salber, Ray Sawhill, Kenneth S. Seggerman, Sam Seibert, Lynn Seiffer, Bruce Shenitz, William Slate, Marilyn Souders, Karen Springen, Mata Stevenson, Joanne Turnbull, Mark D. Uehling, Anne Underwood, Cornelis van den Heuvel, Penelope Wang, Elise Williams, Ronald E. Wilson, Richard A. Zelman.

EDITORIAL ASSISTANTS: Elizabeth Bradburn, Karen Brailsford, Linda Buckley, Olwen Clarke, Barbara H. Di Vitorio, Thomas A. Dougherty, Wendell Douglas, Mariano Fernandez Jr., Stephen Gencorelli, Howard J. Gotfryd, Judith Hauser, Patrice Johnson, Stephen J. Kosen, Ute F. Lange, Eduardo Levy-Strauss, Joan McHale, Andrew Murr, Howard Price, Kate Robins, Cathie A. Ruggiero, George Sapiro, David M. Tyler, John Wojno.

ANT: Gary Falkenstein, Patricia von Brachel, Christoph Blumrich, Pimpe Fox, Robert J. George, Alexander Ha, David Herbig, Stephen Luciani, Jo Ohlsson, Vivette Porges, Ellen Peterson, Rose Unes, Andrea K. Wieder, Michael Zaccheo.

PICTURE: Joseph Dwyer, Bernice McWilliams, Hillary Raskin, John Whelan, James K. Colton, Guy Cooper, Susan Ackerman, Dubravka Bondulic, Nia Krikellias Buton, Americo J. Calvo, Patrick J. Cusack, Jacques Chenet, Roberto Childers, Eileen M. Clancey, Robert Cohen, Joan Engels, Amy Feinberg, Bernard Gotfryd, Sarah Harbutt, Howard Heyman, Anthony Kleva, Myra Kreiman, John Lampasona, Joseph L. Luppino, Silvio Marinuzzi, Robert R. McElroy, Kevin J. McVea, Jeff McVey, Richard Pena, Charlene Pinckney Goldberg, Joseph Romano, Emil Sapiro, Robert J. Sullivan, Tom Tarnowsky, David Wyland.

NEWS EDITOR: Rita Dallas

BUREAU: London: Tony Clifton, Donna Foote; Bija Bociek (Photo Editor); Paris: Fred Coleman, Ruth Marshall; Jacqueline Dubau (Photo Editor); Peter Turnley (photographer); Non-Entertainment: Andrew Nagorski, Debbie Seward; Rome: Theodore Stanger; Moscow: Joyce Barnathan, Steven Strasser; Jerusalem: Milan J. Kubic, Leesa R. Fine; Shlomo Arad (photographer); Cairo: Christopher Dickey; Nairobi: Ray Wilkinson; Johannesburg: Spencer Reiss; Mark Peters (photographer); Tokyo: Bradley Martin, David Lewis; Beijing: Dorinda Elliott; Hong Kong: Melinda Liu, Carroll Bogert; Bangkok: Ron Moreau; Mexico City: Joseph Contreras, Joseph Harnes; Rio de Janeiro: Alma Guillermonpriet, Mac Margolis; Washington: Evan Thomas, Thomas M. DeFrank, John Barry, Eleanor Clift, Bob Cohen, Robert B. Gullen, Sandra Fine, Howard Fineman, Mary Hager, Shirlee Hoffman, Susan E. Katz, John J. Lindsey, Ann McDaniel, Thelma McMahon, Mark Miller, Sylvester Monroe, David Newell, Timothy Nosh, Robert Parry, Richard Sandza, Rich Thomas, Margaret Garrard Warner, Jane Whitmore, Pat Wingert, Amanda Zimmerman; Wally McNamee, Larry Downing, John Ficari, Arthur Grace (photographers); Atlanta: Vern E. Smith; Boston: Mark Starr, Shawn Doherty; Chicago: Frank Maier, John McCormick, Patricia King, Monroe Anderson; Detroit: Ginny Carroll, Bill Turque; Houston: Daniel Pedersen, Daniel Shapiro, Frank Gibney Jr.; Los Angeles: Michael Reese, Janet Huck, Michael A. Lerner, Lynda Wright, Lester Sloan (photographer); Miami: Erik Calonus, David L. Gonzalez; New York: Peter McKillop, Sam Franciose; Gerald C. Lubenow, Pamela Abramson, George Raine, James D. Wilson (photographer); United Nations: Patricia J. Sethi.

Special Projects: Lucille Beachy

SPECIAL CORRESPONDENTS

Buenos Aires: David Fouquet; Manila: Richard Vokey, Andy Hernandez (photographer); New Delhi: Sudip Mazumdar; Rotterdam: Friso Endt; Sydney: Carl Robinson.

NEWSWEEK, INC.

Christopher M. Little, President

Gerard Smith, Publisher

Howard W. Smith, Executive Vice President

NEWSWEEK ONE YEAR SUBSCRIPTION RATES

PAYMENTS ONLY should be sent to the Newsweek account at the appropriate Bank or the Newsweek address as listed below

AUSTRIA SCH 936

Creditanstalt Bankverein 1, Schottengasse 6, P Box 72, 1011 Wien. A/C No 10-83377

BELGIUM BF 2540

Kredietbank SA, Grande Place 18, 1000 Brussels. A/C No 434-9474871-12

CYPRUS CE 34.30

Barclays Bank International Ltd, PO Box 1022, Eleftheria Square, Nicosia. A/C No 2249-917

DENMARK DKR 425

Postgirokontoret Kobenhavn Account No. 6 67 05 04 Newsweek Inc. Slough SL1 1UG, England

FINLAND FMK 312

Union Bank of Finland Ltd PO Box 868, 00101 Helsinki A/C No 240038-15402

FRANCE FF 390

Bank Cheque to: Newsweek Int., 162 Rue du Faubourg St Honoré, 75008 Paris. CCP Cheque to: CCP Paris. A/C No 5248-15 G

GERMANY DM 130

Newsweek International, PO Box 102404, 6900 Heidelberg, W. Germany. Postgiro FFM 300173-806

GIBRALTAR £ 31.20

MALTA M£ 21.80

SAUDI ARABIA SR£ 312

CFA COUNTRIES CFA 31200

MILITARY & PEACE CORPS

VOLUNTEERS U.S. \$ 48.00

By Bank Draft please to: Newsweek Int., Wellington Street, Slough SL1 1UG, England

GREECE DR 8500

National Bank of Greece, 85 Asolou Street, Athens. A/C No 815054

ICELAND IKR 2080

Landsbanki Islands, Austurbaejanutib, Laugavegur 77, Reykjavik. A/C No 1800

IRELAND IRE 36.40

Allied Irish Bank Ltd, 12 St Stephens Green, Dublin. A/C No 21856028

ISRAEL NIS 86.00

Newsweek Israel Consultant, PO Box 7717, 91078 Jerusalem

ITALY LIT 84000

Newsweek International, 21 Via Roma, 10060 Roletto, Torino

JORDAN JD 31.200

Jordan Distribution Agency, POB 375, Amman

KENYA SH 920

Barclays Bank of Kenya, A/C 5669071, Queensway Branch, PO Box 30011, Nairobi

KUWAIT KD 28.000

Farajalla Press Agency, POB 4541, Kuwait

MAURITIUS RUP 748

Librairie la Tréfle, BP 183 Rue Royal, Port Louis

NETHERLANDS DFL 130.00

American Express International Banking Corporation, Postbus 10048, Amsterdam Post Giro Account 80900

NORWAY NKR 390

Den Norske Credit Bank, Kirkegaten 21, N-1000 Oslo 1 A/C No 7001.07.80383

PORTUGAL ESC 6500

Banco Espirito Santo e Commercial de Lisboa, 95-119 Rua do Comercio, PO Box 2105, 1103 Lisbon. A/C No 023/12456/100

SIERRA LEONE LEO 1280.00

Standard Bank Sierra Leone, Lightfoot Boston Str Branch, PO Box 89, Freetown

SOUTH AFRICA RDS 83.00

Newsweek International c/o International Subscription Services, PO Box 41095, Craighall, Johannesburg 2024

SPAIN PTS 7280

Newsweek International Calle Portugal 26 Entr C Apartado 484, 03003 Alicante, Spain

SUDAN S£ 158.00

El Nilein Bank, POB 486, Khartoum A/C No 134 560N

SWEDEN SKR 390

Postgiro Stockholm Account No. 547111-5 Newsweek Int., Slough SL1 1UG, England

SWITZERLAND SF 104.00

Newsweek International, PO Box 102404, 6900 Heidelberg, W. Germany, Postgiro BASEL 40-795-5

UNITED KINGDOM £ 31.20

Newsweek House, Wellington Street, Slough SL1 1UG

YUGOSLAVIA YD 21400

ADIT Kardeljave Cesta 8, 61000 Ljubljana

ZIMBABWE Z\$ 57.00

Barclays Bank of Zimbabwe Ltd, POB 790 First St, HARARE. A/C No 7952019 E FORM TO BE OBTAINED AND SUPPLIED WITH PAYMENT PLEASE

ALL OTHER EUROPEAN COUNTRIES U.S. \$ 62.00

ALL OTHER COUNTRIES U.S. \$ 65.00 or £ 37.80

By Bank Draft please to: Newsweek Int., Wellington Street, Slough SL1 1UG, England

ENQUIRIES to: SUBSCRIPTION DEPT., NEWSWEEK INT., WELLINGTON ST., SLOUGH SL1 1UG, ENGLAND
TELEPHONE: U.K.: SLOUGH 24552, INTERNATIONAL: 44 753 24552

INTERNATIONAL

Peter J. Luffman, President
François G. Verglas, Vice President Operations

SHINYOKU SAI

Vice President and Publisher Pacific Edition

DAVID SWANSON

Publisher Latin America Edition

PUBLISHING STAFF

John G. Alexander, Associate Publisher

Barbara Fregoni, Manufacturing Director

Martin Carey, U.S. Sales Director

444 Madison Avenue, New York, N.Y. 10022, (212) 350-4000
Telex RCA 234011, ITT 420395/WU 620364

ATLANTIC EDITION

Vice President and Publisher, Paul J. Haisman

Director and General Manager, Paul Bust

Advertising Director, Ian Leonard

Advertising Director, U.K.

David W. M. Gow

Production Director

Glen Rae

Circulation Director

Dick Morris

Marketing Director

Simon Kay

25 Upper Brook Street, London W1Y 1PD. Telephone 01-629-8361, Telex 263555

PUBLISHING STAFF

Herbert Strewe, Regional Advertising Manager, Frankfurt/Main; Lars Malmqvist, Regional Advertising Manager, Geneva; Michael Erloigh, Regional Advertising Manager, Rome; Gérard de Frouville, Regional Advertising Manager, Paris; Ken Högberg, Advertising Manager, Stockholm; Fionn O'Brien, Advertising Manager, Amsterdam; Billy Egan, Subscription Manager, Alan Bos, Newsletter Manager, Cornelis Zomerijk, Newsletter Manager, Frankfurt/Main; Daniel Pardiac, Newsletter Manager, Paris; David Norris, Financial Controller; Maxwell Hughes, Production Manager, Zurich.

Printed by Druckerei Winterthur AG, Winterthur, Switzerland. All rights reserved. Registered at the Post Office as a newspaper. Copyright under the International Copyright Convention. Copyright reserved under the Pan American Convention. Registered in the Philippines Patent Office. In the U.S.A., Postmaster send address changes to Newsweek International, 444 Madison Avenue, New York, N.Y. 10022, second class postage paid at Los Angeles, Calif., and at additional mailing offices. Newsweek International is written and edited for a worldwide audience and is published weekly in Switzerland by Newsweek, Inc., Winterthur. (ISSN 0193-7853)

Redefining Portable PC's

Like the incredible shrinking man, computers today are getting smaller and lighter. Recent advances in microprocessor technology, along with the advent of low-cost computer chips and flat, liquid-crystal display (LCD) screens have spurred the production of battery-operated portable computers that weigh, on average, about 10 pounds. That's a manageable load but still a bit heavy for frequent travelers. Some computer aficionados claim that even these small machines are only "halfway houses" between the desktop and the ideal portable: one that a user could easily carry anywhere and that has sufficient power to run leading software programs. Now, two British firms have come out with new models that take portable computers another step down in size, while a U.S. company will soon market a radical alternative to the traditional concept of portable computing.

The first comes from Cambridge-based computer pioneer Sir Clive Sinclair. He and his company, Cambridge Computer Ltd., have developed the Z88, a computer that is petite by even portable standards—it weighs only two pounds. It is about 8 inches wide by 10 inches long and slightly less than 1 inch thick. Despite its lack of heft, the Z88 offers its own built-in word-processing and spreadsheet software, as well as calculator, diary, and alarm-clock functions. Instead of the 80-character by 25-line display found on most desktops, the Z88 features an 80-character by 8-line flat-screen "supertwist" LCD. Supertwist is the current state-of-the-art form of LCD, offering better contrast and clarity than standard LCD's.

Special links: The Z88 comes with 32K of random-access memory (RAM), enough for more than 5,000 words of text. It stores information on silicon chips in the form of removable cartridges located inside the

machine, and data can be copied from one cartridge to another. Though the computer is not compatible with most IBM personal-computer software, Sinclair's firm has devised a special cable and software to link the Z88 to an IBM PC so that the format of leading software applications (like the Lotus 1-2-3 spreadsheet and WordPerfect word processing) can be duplicated. The special software enables the IBM and Z88 to "talk" to each other and exchange in-

telexes. Up to 288K of data can be stored in the Organiser II (about the same RAM memory as a basic IBM PC), and Psion claims it can do almost anything a small desktop computer can, as long as one is willing to carry out the operations on a two-line LCD screen.

While it is both powerful and versatile, the Organiser II has no pretensions of being a portable word processor and it is not a direct competitor of the Z88. It is used primarily as a porta-



Expanding the concept of computing: Sinclair's pint-size Z88 and Tandon's handy, durable Data Pac.

formation. Some users may find the special cabling and software cumbersome, however, and may not appreciate the small screen, but the Z88's portability is sure to be a plus. It will be sold in the United Kingdom starting this month, at a cost of about \$350, and soon will be available in the United States and elsewhere.

Three years ago the British computer company Psion Ltd. introduced its first pocket computer, the Organiser. This month Psion and its U.S. subsidiary will unveil Organiser II, an updated version with a larger screen, increased capacity and more links to other computer data bases. Organiser II, which fits in a breast pocket, can be used to do spreadsheet work, write notes, organize a diary, or even send and receive



ble calculation and data-entry system. The Organiser II can also communicate with electronic mail and telex services and send and receive data from a standard IBM PC. Psion's new "pocket spread sheet," when linked by a cable connection to Lotus 1-2-3 software, enables users to load their work into the hand-held device, update figures while they're on the road, then transfer the data back into their desktop unit when they return. The ma-

chine is now being sold in Europe and America, at \$159 for the basic 8K RAM model, and will be available in Africa and the Far East in a few months.

While some firms work to get enough power and screen resolution into laptop computers, a U.S. computer company, Tandon Corp., wants to redefine the idea of a portable computer altogether. Tandon suggests that many people who say they want a portable computer don't really desire a machine they can drag around. What they want, Tandon believes, is an easy way to move their programs and data from one place to another. There are some solutions to this dilemma—such as buying a "luggable" computer (a portable version of a desktop) or a removable hard-disc system or setting up identical PC's in two different places—but they tend to be bulky, fragile and expensive alternatives, respectively.

Small and rugged: Tandon's solution is called the Data Pac. It is a removable hard-disc system—but one that is both smaller in size and more durable than existing products. The Data Pac is housed in a special rugged plastic casing and fits in the average briefcase. And even the smallest unit contains enough room for about 6,000 pages of text. Most important, it eliminates the need to move discs from one location to another.

The biggest problem with the Data Pac, which will hit the U.S. and European markets later this year at \$300, is that only special PC's will accept the device. To get around that, Tandon is selling an add-on housing unit that can be attached to any IBM or IBM-compatible PC. Its cost: about \$700. Tandon is also developing its own line of computers, to be sold in pairs with a single 30-megabyte Data Pac between them. For about \$5,000, a buyer would get two IBM AT-compatible computers (one for the home, the other for the office, perhaps) and a Data Pac that will enable users to take their office work home and their homework to the office.

RICHARD ERNSBERGER JR. with
GEORGE WHEELWRIGHT in London

Changing the Rules



Loans to the Third World can be written off, but the West can hardly afford to write off the Third World itself

PRANAY GUPTÉ

A leading player in the great global development game dramatically changed its rules last week. But there wasn't much applause from Third World grandstands.

The financial world being what it is, Citicorp's announcement that it expected to lose \$2.5 billion in the second quarter of 1987 because of the institution's need to increase its reserves to cover possible loan losses may eventually result in strengthening the bank's books. The biggest lender to the Third World finally owned up to what was common knowledge—that a lot of its loans were, well, unworthy. The cost of this confession will be formally borne by the bank's shareholders, who face a sharp drop in their equity.

But Third World debtors have hardly received a pardon, maybe not even a reprieve. Now, perhaps more than ever before, it is going to prove costly for developing countries to be poor, and it is going to be even more expensive for them to do something about it. While Citicorp's move was being hailed as the first step in bringing financial order to a shaky situation, there were no assurances that writing off bad loans will translate into opening up new channels of desperately needed development assistance for the Third World. Citicorp's move may have been an excellent first fusillade in the campaign against the Third World's debt overhang, but there were few signs that barons of capital were rushing in with new equity investments (which development gadflies now tout as preferable to portfolio lending).

As a result, more than just the arithmetic of the development game was changed last week. The game itself may have been fundamentally altered. The old rules were fairly straightforward, even if they didn't always work to everyone's satisfaction: if you were a Western commercial bank, you tried to sell money at favorable interest rates to needy Third World nations; if you were a developing country, you borrowed as heavily as possible and then stretched your repayments as much as you could. During the last decade many Third World countries registered impressive annual economic growth rates, emboldening Western banks to risk wide exposure in not always politically stable states.

Bleak future: But the development game was rudely interrupted in the early 1980s by oil-price increases, falling commodity prices and excessive worldwide inflation. Moreover, rising protectionism in the West meant fewer lucrative markets for Third World goods. And as the earning capacity of developing countries declined, their ability to import

foreign goods essential for development shrank, as did their capacity to come to grips with their growing debt. The result? A trillion dollars of debt, unprecedented poverty in the Third World and a bleak future for all involved.

In this scenario, according to experts such as Prof. Jagdish Bhagwati of Columbia University, fresh bank loans weren't of much help to Third World debtors; by the time most of these debtors had serviced their obligations, there was hardly anything left to plow back into any meaningful economic activity. In most cases, external assistance from multilateral institutions such as the World Bank proved inadequate. And seemingly generous bilateral grants dwindled into insignificance when measured against awesome population-growth rates and the rising expectations of masses who had tasted, however fleetingly, the first fruits of development.

From the banks' perspective, there was no other course but to change the game. Leading debtors were falling behind on their repayments or even threatening to suspend them; the Third World's aggregate growth rate was slowly sliding into absurdity. From the Third World's perspective, what should have been an immediate show of support from sympathizers in the multilateral community wasn't forthcoming.

What happens next? Loans to the Third World can be written off and absorbed by wealthy Western banks. But the West can hardly afford to write off the Third World itself, whose 127 nations contain 80 percent of the earth's 5 billion people. Fortunately, five practical avenues of action are available to the mandarins of development.

One involves modifying the Baker plan. Treasury Secretary James A. Baker III had called, among other things, for more input in Third World economies by commercial banks. In view of the sale of some of their current debt in secondary markets, and the use of debt-for-equity swaps, commercial banks could again play a useful role in growth promotion by restructuring their relationship with the Third World.

A second course of action would be for major Western donors to strengthen multilateral institutions such as the World Bank by authorizing a raising of the bank's lending ceiling. This wouldn't cost Western countries much since the World Bank ably raises capital in world markets. Its soft-loan arm, the International Development Association, can assume a widened role in the debt-and-development crisis, particularly in Africa. Multilateral agencies can assist developing states in fashioning sound monetary and management policies.

A third course would be to encourage Japan to speedily implement its recent proposal to channel at least \$30 billion of its overall \$101 billion trade surplus into new investment and aid programs in heavily indebted Third World countries. Japan, which recognizes the commercial value of wooing a market of more than 4 billion people, has set a fine example for industrialized countries with similar surpluses.

Fourth, the more prosperous Third World nations, such as Singapore and South Korea, and the more industrialized ones, such as India and Brazil, could assemble an agenda that would strengthen regional economic and technical links. That would give resonance to the oft-cited Third World concepts of solidarity and fraternity.

Finally, it's now time for Western leaders—who will gather in June in Venice for an economic summit—to renew their political commitment to Third World development. North or South, East or West, the debt crisis has starkly shown us that we live on one earth. Citicorp's move last week may have represented a break with past practices, but we have a common covenant for our collective future.

Pranay Gupte is the author of books on global population problems and on India.



ME: A HIOR DIGITAL OSMO

Signs of hope: *Fighting the illness*

Clinical Depression

Congratulations! Your article on depression (*HEALTH*, May 4), with its focus on advances in research and such compelling stories of real people who struggle with the illness, should help lift the burden of stigma and shame felt by many victims. Your reference to the National Institute of Mental Health study comparing drugs and psychotherapy in the treatment of "more severely depressed patients," however, is misleading: psychotherapy was definitely not more effective than drugs for this group.

FREDERICK K. GOODWIN, M.D.
Scientific Director

National Institute of Mental Health
Department of Health and Human Services
Bethesda, Md.

• • •

Depression has robbed me of the joys of accomplishment for more than 35 years despite an unbelievably active and creative life. Current medical research deserves financial support and official attention. But the true beneficiaries of public awareness are those who have suffered in silence, shame and self-reproach and for whom loving, competent assistance is now available. Pain and darkness may not extinguish greatness of spirit but they don't nurture gladness of heart. We can only speculate on what the lives of depressives like Abraham Lincoln, Robert Schumann and Vincent van Gogh would have been like if such help had been available to them.

ELLEN CARDWELL
Arlington, Va.

Letters to the Editor, with the writer's name and address, should be sent to: Letters Editor, *Newsweek*, 444 Madison Avenue, New York, N.Y. 10022. Letters may be edited for reasons of space and clarity.

100,001 TAX-FREE TEMPTATIONS



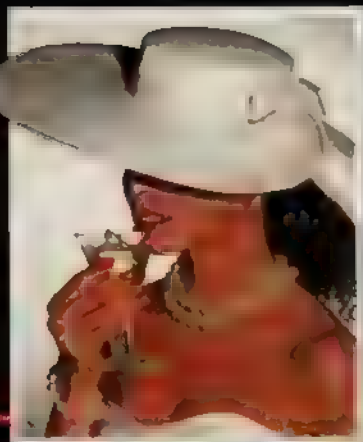
The world's finest assortment all under one roof? Feast your eyes on more than 100,000 luxurious tax-free articles. From designer cosmetics, hi-tech cameras and sound systems, exclusive leather goods to the latest videos. The finest choice in caviar. Dazzling diamonds. And much, much more. At very attractive prices.

Treat yourself to the height of shopping next time you fly via Amsterdam. Drop us a line and we'll be happy to send you our free 112-page full colour catalogue. Dept. L.M., P.O. Box 7501, 1118 ZG Schiphol Airport, Holland.

Amsterdam Airport Shopping Centre



THE BEST OF TASTE



THE GIN OF ENGLAND

Your article on depression truly shows Western societies' lack of knowledge and understanding of the human soul. Having suffered from depressions since my childhood and never having taken anything stronger than an occasional aspirin, I have come to look at the concept of depression from a different angle. If we look at these years as a period of transition from one way of thinking to another or as a raising of consciousness, instead of considering depression a clinical disorder, we have something totally different on our hands. The goal should not be to become our old selves again, but to accept the pain and through it really undergo a transformation to a new, true human being.

HANNE STAVAD
Arhus, Denmark

...

As one who's suffered from depression, I'm continually appalled by how little people know about it—including some members of the mental-health profession who believe that "insight" alone can cure the illness. Talk therapy does relieve the confusions caused by depression, but it can't undo the illness itself. The psychoanalytic view only strengthens the superstition that depression is "all in the head" of the sufferer. Your article helps get rid of the shame associated with mental illness. I wish you'd run it 10 years ago.

SUSAN M. SCHULTZ
Charlottesville, Va.

...

I cried when I read your article. I had sought help when my illness struck during college years but was not taken seriously. Adults are afforded a level of respect often denied young people. I now know my misery was needlessly prolonged through no fault of my own. I hope your article educates the professionals and loved ones of victims.

GAYLE GROVE
Redwood City, Calif.

Terrorism or Liberation?

In your article "Israel: A Case of Tired Blood" (WORLD AFFAIRS, April 13), it is totally unfair and unjust to define the Palestinians who are fighting for the liberation of their occupied territory as "terrorists." There is a great difference between terrorism and national liberation: the acts of violence against civilians, the taking of civilian hostages, the hijacking of aircraft, the massacre of innocent [Palestinians] are all acts of terrorism. But the American Revolution of two centuries ago and the Third World revolutions against colonization are acts of national liberation.

J. V.D. SLUIS
Utrecht, Netherlands

A Small War

Battling over special operations

Faced with a threatened Senate freeze on top military appointments, the U.S. Defense Department is close to naming a new chief for unconventional warfare—but one whose commitment to the special command may be open to question.

The Pentagon's current choice is Kenneth Berquist, 42, a Justice Department lawyer whose qualifications include two infantry tours in Vietnam, experience in paramilitary intelligence operations and three years as the Army's deputy as-

sistant secretary for readiness. Berquist is likely to be nominated if he can refute charges by special-warfare professionals that he has previously opposed a new multiservice command to coordinate U.S. capabilities for the growing threats of terrorism, hostage taking and other small-scale combat situations. "Misinformed," says Berquist of his critics.

Key congressmen wanted the new post filled by retired Marine Lt. Col. William Cowen, 43, a special-ops veteran now working for New Hampshire Sen. Warren Rudman. To win over their votes, the administration may ask Cowen to be Berquist's deputy. But congressional sources say that he may not accept.

If Berquist's nomination collapses, after seven months of Pentagon foot dragging on the job, Sens. Ted Kennedy and William Cohen have vowed to block other key appointments. That would delay confirming a successor to former assistant defense secretary Richard Perle, awarding a fourth star to Lt. Gen. James Abrahamson—Star Wars director—and promoting scores of other generals and admirals, perhaps even a replacement for Marine commandant Gen. P. X. Kelley, who retires in June.



KEN COOKE—PICTURE GROUP

Unconventional: Elite training

Gorbachev: Good Talk, No Goods

Mikhail Gorbachev may talk a good game, but Moscow watchers say his efforts to stimulate the Soviet economy have failed to stop shortages of consumer goods—in fact, they are growing. Many industries failed to meet their production quotas for the first quarter of 1987, according to recent Soviet reports. There were 400,000 fewer TV sets than planned, 200,000 fewer tape recorders and 90,000 fewer refrigerators.

Clothing deliveries were down by 160 million rubles (\$251.2 million) from last year and footwear was off by 85 million rubles (\$133.5 million). By one estimate, the unsatisfied demand for consumer goods equals 20 billion rubles (\$31.4 billion) a year. One reason behind the stepped-up demand for consumer products: Gorbachev's crack-down on alcohol sales and the extra cash comrades now have in their pockets as a result.



BRUCE HOFFER

Encore: Image versus baggage

Politics: Glenn Running Again?

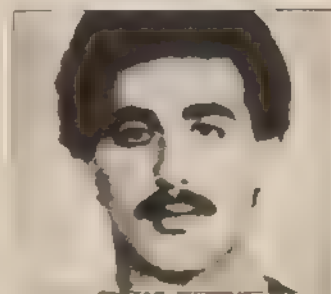
Incensed that Ohio Gov. Richard Celeste would test the presidential waters without consulting him, 1984 candidate John Glenn has been thinking about entering the race again himself. In a field of neophytes, the ex-astronaut Ohio senator would have top name recognition, aides predict, and his squeaky-clean image should sell well to voters newly focused on ethics and morality. But political pros warn that Glenn carries some heavy political baggage, including a \$2.4 million debt from his disappointing '84 effort and a deserved reputation for dull speaking. At 65, he'd also be the oldest Democratic contender by far.

■ Sen. Albert Gore Jr., at 39 the youngest Democratic hopeful, hopes to bring some needed political savvy—and a touch of Camelot—to his campaign by signing up William Haddad. A veteran government investigator, former political operative for Jack and Robert Kennedy and manager of Mario Cuomo's first gubernatorial campaign, Haddad will map out Gore's late June announcement schedule. A former newsman who now runs a New York drug company, he'll also concentrate on selling Gore to skeptical Washington reporters.

■ To boost his chances in Iowa, Rep. Dick Gephardt has persuaded Florida Rep. Claude Pepper, 86, to campaign with him there in June. Support from senior citizens is already helping Gephardt lead a crowded field—with 24 percent in the latest Iowa poll.

Drug Spat?

Delegates from 100 countries will meet in Vienna in June to discuss ways of curbing drug abuse and the international drug traffic, but Washington fears the conference could turn into a confrontation between the United States and Third World countries. One of two key documents to be issued by the U.N. conference—a "declaration of political intent"—could cause fireworks. The Reagan administration wants the declaration to call on all countries to make progress in combating the drug menace. But some drug-producing countries in Asia and South America may seek to blame the problem on consumers in the United States and other Western nations.



AFP

Extradition effort: Hamadei

Not Forgotten

For a while it seemed the United States might diplomatically forget the 1985 TWA hijacking and murder of Navy diver Robert Stethem. But Department of State, Justice and Central Intelligence Agency officials now plan to step up their efforts to extradite suspected Lebanese terrorist Muhammad Ali Hamadei from West Germany and try him for the murder. U.S. officials agreed to urge President Reagan to "make this a major issue" when he meets with West German Chancellor Helmut Kohl next month. "We wouldn't ask the president to push for this if there wasn't a good chance of it happening," says a senior Justice Department official.

LUCY HOWARD with bureau reports

A Tragedy in the Gulf

An accidental attack kills 37 American sailors and raises questions about the U.S. Navy's ability to keep the sea lanes open and protect its own ships

In a sweltering hangar at a naval base in Florida, Ronald Reagan presided over another expression of national grief. "These men made themselves immortal by dying for something immortal," the president told a crowd of 2,000 people who had assembled for the memorial service. After the speeches and prayers a band played "The Navy Hymn," a rifle team outside fired a salute and a lone bugler played "Taps." Then Ronald and Nancy Reagan moved through the audience, hugging and consoling relatives of the 37 sailors who were killed aboard the USS Stark in the Gulf last week. Emotions swelled as the Reagans patiently made their way down one aisle after another. A woman shrieked; two others collapsed and were carried out. Tears appeared in the president's eyes as he stroked the head of a weeping little girl. Television cameras recorded it all—the now-familiar rites of civic mourning, the brightly lit ceremony that soothes the spirit when understanding is hard to come by.

The sailors died in a purportedly accidental air attack by a friendly nation, the Arab republic of Iraq, which apologized and agreed to pay compensation. To many Americans, however, the tragedy painfully echoed the pointless massacre of 241 Marines in Beirut four years ago. Like those Marines, the men on board the Stark were performing an ill-defined mission, with inadequate means of self-defense. Americans were stunned by the slaughter on the Stark and,

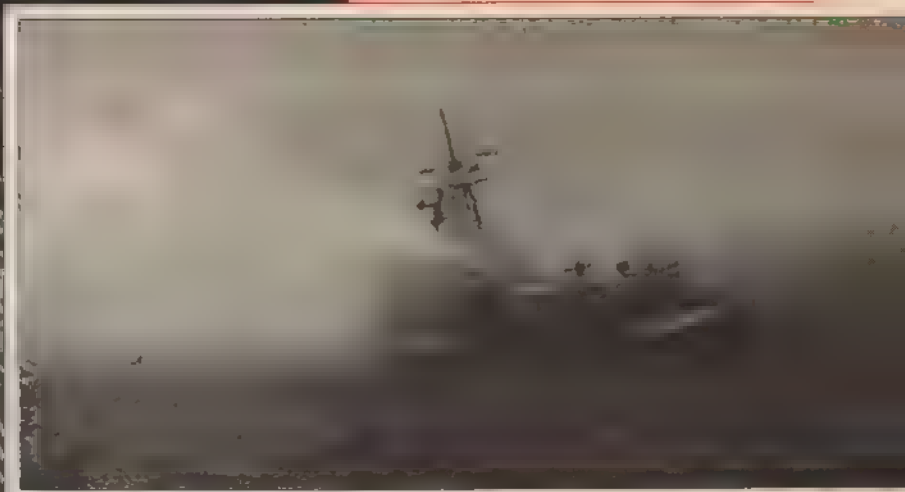
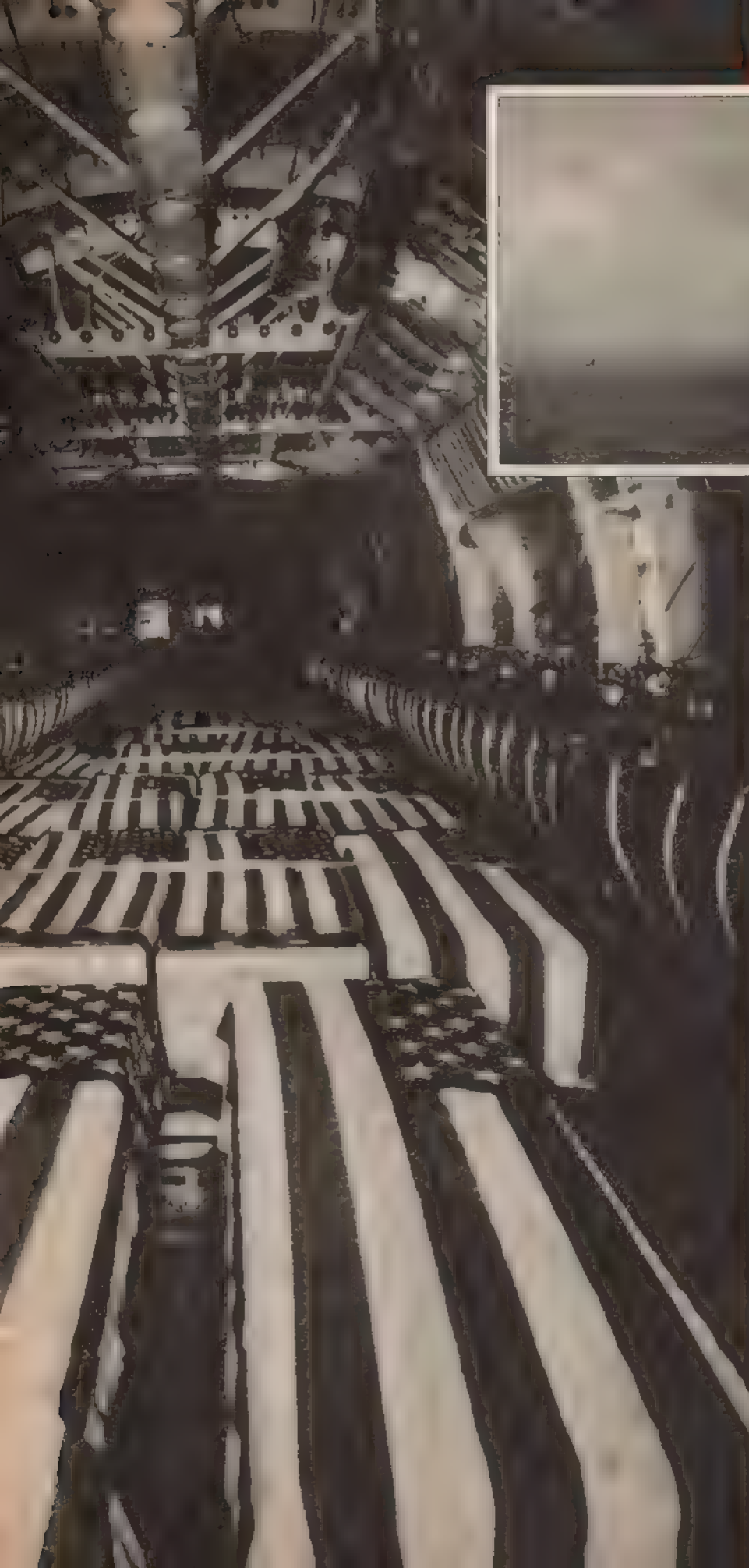
even more, by the crew's inability to protect themselves or fight back. "There are two big questions in the public's mind," admitted a senior White House official. "Why were they out there? And why weren't they better protected?"

In fact, the United States Navy has been showing the flag in the Gulf for nearly 40 years now, to preserve the flow of oil and to help keep the peace in the Middle East. Recently the Reagan administration has extended its naval presence in the Gulf, but now the attack on the Stark calls the wisdom of that commitment into question. President Reagan plans to go further, protecting Kuwaiti oil tankers against attacks by Iran, Iraq's bitter enemy in the six-year-old Gulf war. After the attack on the Stark, the other six U.S. ships in the Gulf were put



PHOTOS BY ALAIN NOGUES—SYGMA
The captain: 'I don't know whether it was an act of God,' those who died (right) on their way home





U.S. NAVY

Listing: *Not a lot of survivability*

on a heightened state of alert. "From now on," Reagan said two days after the attack, "if aircraft approach any of our ships in a way that appears hostile, there is one order of battle—defend yourselves, defend American lives."

But without air cover, ships like the Stark remained conspicuously vulnerable. That fact called into question the role of the Navy's surface fleet in an age of high-tech warfare, when big, expensive ships can be sunk by small, cheap missiles. After six years of Reagan's military buildup, a modern Navy frigate came out second best against one Mirage fighter plane and two sea-skimming Exocet missiles. At a hearing on Capitol Hill, Democratic Sen. Patrick Leahy of Vermont asked Defense Secretary Caspar Weinberger: "If the Iraqi Air Force could do this to us, what would happen if we were up against somebody really big, like the Soviets?"

Coffins coming home: During his years in office, Reagan has endured several foreign-policy fiascos, especially in the Middle East, and along the way, he has become an expert practitioner of public grief. "This president has probably met more returning bodies than any president in history," says a retired naval officer. Reagan's complete sincerity and his natural flair for poignant ceremony save him from being skewered when his own policies lead to disaster overseas and another shipment of coffins arrives home. But this time the questions aren't likely to fade away. "We all want to know why did this have to happen," said Ernestine Foster, whose husband, Vernon, died on the Stark, leaving seven fatherless children.

A few of the people directly involved were able to accept the cruel twist of fate with serenity. Barbara Kiser, a devout Baptist who was waiting on shore in Bahrain when her husband, Stephen, was killed, sent a letter and an Arabic translation of the Bible to the unknown Iraqi pilot who

had fired on the ship. "We want you to know we forgive you," she wrote. But somehow it was easier to understand and share the agony of the Stark's skipper, Capt. Glenn Brindel, 44. "I don't know whether any of it was my fault," he said at a news conference in Bahrain. "I don't know whether it was the fault of an operator. I don't know if it was the fault of the equipment. I don't know whether it was an act of God. I don't know what in particular caused the missile to come in and hit the ship without warning."

More questions: Brindel's remarks only scratched the surface of what wasn't known. By late last week it still was unclear why the French-built Iraqi fighter was operating so far south (map), or why it failed to recognize the Stark as a friendly vessel, or why it ignored two warnings radioed by the warship. There was no explanation for the failure of the Stark's sensors to detect the launch of two Exocet missiles. No one knew why the crew felt the impact of two missiles bursting against the port side of the ship—but later found a dud Exocet in the wreckage. For several days last week, Navy analysts couldn't even agree on the number of planes that attacked the Stark or on the number of missiles fired, despite the fact that the entire episode was witnessed by a Saudi Arabian AWACS command-and-



Exocet missile: More deadly against warships than tankers

control plane. In the end, the experts concluded, provisionally, that a single Mirage had fired two Exocet missiles.

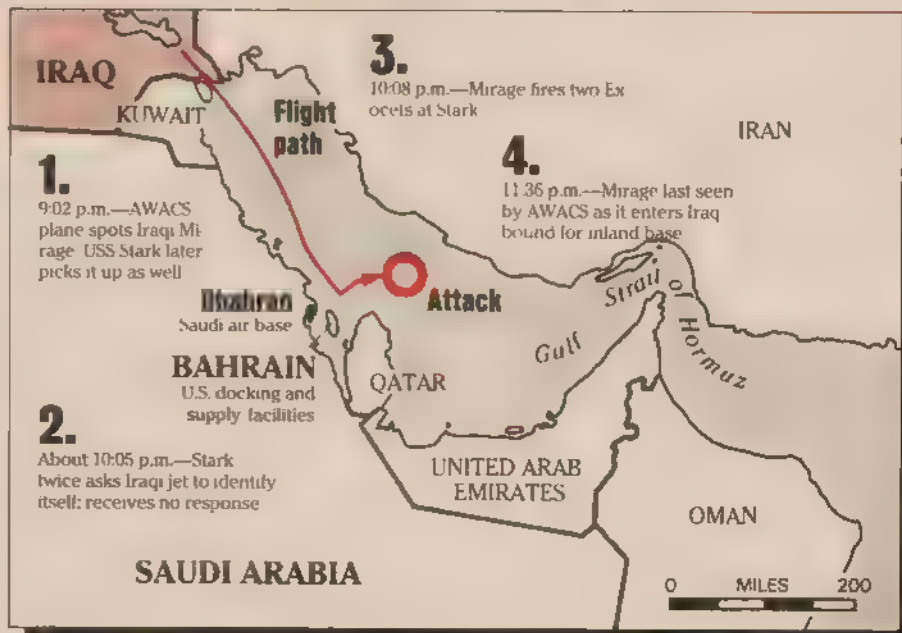
The remaining questions may be answered by a Navy investigation that began last week in Bahrain or by a joint U.S.-Iraqi inquiry. But despite Iraq's protestations of regret and promises of cooperation, its warplanes twice made threatening gestures at another U.S. ship, the destroyer Waddell, after the attack on the Stark. After a few days the Pentagon changed its description of the attack from "inadvertent" to "indiscriminate." "An inadvertent attack suggests that the pilot really did not mean to

fire his weapon at a U.S. Navy ship," Weinberger said. "An indiscriminate attack means that the pilot did not take proper precautions necessary to designate his target from all the shipping that may have been in the area at the time." So far the Iraqis had not explained how the purportedly accidental attack occurred. Was someone in the Iraqi military trying to undermine President Saddam Hussein? That was another of the unanswered questions.

Two warnings: The attack began Sunday night, May 17, when a Mirage F-1 fighter-bomber took off from a base in Iraq and flew straight down the Gulf in an air lane known as "Mirage Alley." Noticing that the plane had gone farther south than usual for the Iraqis, the AWACS plane, which was manned mostly by Americans, scrambled two Saudi F-15 fighters. The Stark's radar spotted the Iraqi plane when it was about 200 miles away and radioed two warnings in English over emergency frequency 243, the standard channel for such messages. In the past, similar warnings always worked with Iranian planes, Captain Brindel said, but on this occasion—only the "first or second time" the Stark had ever tried to wave off an Iraqi—the intruder paid no attention. Instead, the Iraqi pilot swung toward the Stark at a range of 12 miles.

The Surprise Attack Along 'Mirage Alley'

The crew of an American-manned AWACS plane flying out of Saudi Arabia first noticed the Iraqi Mirage at 9:02 p.m., Gulf time. It was heading south, passing over a tiny island just off the Iraqi coast at an altitude of 2,000 feet, and it appeared to be on a standard run: flying down the narrow corridor of international waters between Saudi Arabia and Iran that American military men have dubbed "Mirage Alley," hunting for an Iranian oil tanker to attack. The crew of the USS Stark saw it, too, and apparently twice—at about 10:05—asked the Mirage to identify itself as it closed on the frigate, well south of the usual Iraqi path. The sailors took no defensive actions despite an absence of response from the plane; reportedly, neither the Stark nor the AWACS saw the Mirage fire its two Exocet missiles at 10:08 p.m., and by the time a sailor on the bridge saw one of the Exocets about 75 seconds later, it was too late





The Stark didn't know what was coming: The Exocets tore a 15-foot hole in the ship's side

Without air cover (the nearest U.S. fighters were outside the Gulf, aboard a carrier in the Indian Ocean), the Stark was relatively ill equipped to defend itself. Built only five years ago, it belongs to the Perry class of frigates, the only class ever specifically designed as a low-cost, no-frills warship. The theory behind the Perry class, expounded by Gary Hart and others, was that low-budget ships would make it possible for the Navy to deploy a larger fleet. Ships like the Stark could be defended by the fleet's air arm, or they could be assigned to relatively unthreatening, low-tech missions in the Third World. Former

Navy secretary John Lehman caustically refers to the Perry class as "Military Reform Caucus ships." In an interview with *Newsweek*, he said last week that such ships "are built for low cost and a high capability but not a lot of survivability."

Until it was too late the Stark didn't know what was coming. The ship's radar sensor would have sounded an alarm if the Iraqi pilot had locked on to the Stark with his own targeting radar. But Brindel insisted there was no sign of a lock on, and his boss was sympathetic. "I honestly don't believe that they felt they were in any danger," Rear Adm. Harold Bernsen,

commander of U.S. naval forces in the Gulf, told reporters in Bahrain. It is likely that the Iraqi pilot avoided a telltale lock on by deciding not to use his fire-control radar, relying instead on the Exocet's built-in homing radar to steer the missile to its target.

Throwing chaff: The Stark had several lines of defense against an attack by a missile-launching plane. Its Standard SM-1 surface-to-air missiles were capable of shooting down the Iraqi jet from as far as 29 miles away. In theory, the Standard also could be fired at incoming missiles, but in practice it would have had little chance of nailing the swift Exocet. The ship's 76-millimeter OTO Melara rapid-fire gun also could be aimed at the plane, or even at the missile in flight, as far as 12 miles away. The gun is considered very good against planes but marginal against missiles. Once a missile began to close in, the ship could fire canisters of aluminized plastic chaff into the air to confuse the missile's radar-guidance system and throw it off course.

Finally, at a range of about a mile, the Stark could fall back on its last-ditch defense, the Phalanx CIWS (close-in weapon system). The Phalanx can fire 20-mm bullets made of depleted uranium (an extremely dense metal) at the rate of 3,000 rounds a minute. The Phalanx is directed by two radars, one that tracks the incoming missile and one that tracks the hail of bullets; a computer merges the two radar signals, directing the bullets to the missile. The Stark had only one Phalanx, however, and it was mounted near the stern, leaving

The Stark's Antimissile Systems

Five separate radars could have spotted the Exocets. None did. When seen by a sailor on the bridge, it was too late to divert them with chaff or destroy them with the Phalanx.

Air-search radar

Fire-control-system radar

Bridge

SLQ-32 radar and electronic countermeasures

Chaff launcher

Multiple-targets radar tracking system

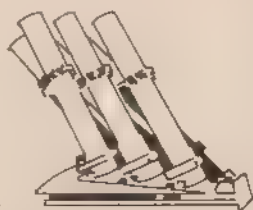
76-mm gun

Phalanx

Point contact

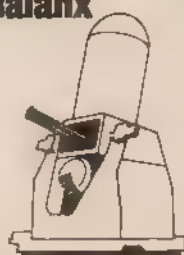
Sleeping quarters

Chaff launcher



A barrage of mortar-fired chaff throws the missile off course.

Phalanx



Guided by its radar, the Phalanx fires 3,000 rounds a minute.

A Questionable Policy

What are the administration's goals in the Gulf?



Where is it all leading? Reagan in the Situation Room is briefed on the Stark

American policy toward the Gulf has been drifting uncertainly for some time now. Moving to fill a vacuum left by the shah, former president Jimmy Carter identified the Gulf with "the vital interests of the United States" and pledged to defend its oil with force if necessary—against the Soviets, presumably. The Iran-Iraq war broke out less than a year later, but it was largely landlocked for the first five years, and the small U.S. naval force in the Gulf had no reason to invoke the Carter Doctrine. All that changed in the last year, as the war spilled out over the waters of the Gulf and Washington began to beef up its naval presence, responding ad hoc and without a clear plan. Now, as the Gulf war heats up still further, Americans have begun to question the commitment.

The Reagan administration's increased involvement was gradual and largely unannounced. A sharp escalation of attacks on tankers—more than 300 so far—followed by Iran's deployment of Chinese missiles at the Strait of Hormuz jolted the president into action. U.S. naval vessels, it was decided, would no longer simply carry the flag amicably from port to port. Instead, U.S. forces sailed deep into the Gulf and maneu-

vered to deter attacks on friendly merchant vessels. At about the same time, Kuwait began searching for added protection from Iranian naval strikes. Moscow was the first to respond, leasing Kuwait three tankers, thus prompting Washington to make a move. Negotiations led to an unusual plan that will allow 11 Kuwaiti tankers to sail under the U.S. flag.

The strike on the Stark demonstrates America's increased involvement—and vulnerability. But so far at least, the

White House has not backed away. If anything, it has stiffened its resolve, providing escorts for Kuwaiti tankers and putting U.S. warships on higher alert. A senior official paraphrased the new orders: "An attack on the vessel you're escorting is the same as an attack on you. . . you can fire back." These were fighting words, directed more at Iran than Iraq, and they seemed to move America a large step further from neutrality.

The possibility of escalation has provoked a storm of congressional criticism. Most congressmen see the need to protect Gulf sea lanes, but many share Rep. Robert Torricelli's fear that "the policy has not been thought through." So the Senate made clear, voting 91 to 5 to require an explanation of how U.S. escorts would defend themselves. Some members question the military feasibility of the policy and argue for giving the escorts air cover. Others think Europe and Japan, with a larger stake in the Gulf, should help out. Still others, brandishing the War Powers act, fear that Washington is indeed, in Rep. Tom Lantos's words, "about to cross the Rubicon and become a party to the war."

Intelligence flow: In truth, the U.S. position toward the war has always been ambiguous. From the beginning, Washington was happy to see Iran and Iraq divert each other on the battlefield. The administration occasionally tilted toward Iraq, usually when Iran was ahead. This leaning has recently become more pronounced—to soothe Gulf states scared by U.S. arms sales to Iran. Hence Assistant Secretary of State Richard Murphy's May visit to Iraq and Reagan's comment last week that Iran is "the villain of the piece." Even the strike at the Stark has not stopped the flow of U.S. intelligence to Iraq. Yet there seems little danger that Washington will wade into the war. The question it faces is not which side to fight on but rather how to act as a neutral gendarme—how to guarantee some restraint and limit the spread of hostilities.

This means that America must walk a fine line, augmenting its influence but avoiding more "tilt." It may have to revise its rules of military engagement to operate more effectively in what Rep. Les Aspin calls a "twilight zone"—neither war nor peace. The White House's jerry-built compromise—armed escort for re-flagged Kuwaiti tankers—may just work, an engaged policy and yet not too engaged. The one thing it should do is hold off the Soviets, thwarting their plan to replace the United States as the pre-eminent superpower in the Gulf.

TAMAR JACORY with ELEANOR CLIFT and ROBERT B. CULLEN in Washington

Oil Cops

The Navy's presence in the Gulf helps other nations more than it does the United States.

Dependency on oil transported through the Gulf in percent of total consumption

	1976	1983	1986
United States	7%	8.9%	5.6%
Europe	55%	50%	30%
Japan	70%	55%	59%

SOURCE: U.S. DEPARTMENT OF ENERGY



ARTHUR GRACE—NEWSWEEK



DAN HELMS—DUMMO

A cathartic moment of high national emotion: *The commander in chief consoles mourners at the memorial service, a sailor (left) breaks into tears at the service*

the ship vulnerable to a head-on shot.

The Phalanx can be operated automatically, in which case it will indiscriminately shoot down anything that comes within range. Brindel insisted that his defenses were "fully operational" at the time of the attack. The crew was at "condition readiness three," meaning that about a third of them were on duty and all weapons were ready to fire. But the Phalanx had not been switched to automatic. "That would not be a correct procedure by the rules of engagement," Brindel said. On automatic, the Phalanx might blaze away at an innocent target, such as a Navy helicopter.

Dead ahead: The Stark was loafing along at 3 knots when the Mirage fired its first Exocet from an altitude of about 2,000 feet. The missile swooped down to the surface of the Gulf, leveled off about eight feet above the waves and streaked toward the Stark at 500 miles per hour. The Exocet approached the ship from almost dead ahead, and the flight took just 86 seconds. At the last moment a lookout on the bridge spotted the Exocet and shouted a warning. Someone switched the Phalanx to automatic and the ship accelerated into a turn so that the stern-mounted Gatling gun could be brought to bear. It was too late. "As we started to take action," Brindel said later, "the missile hit the ship." Aboard the AWACS plane, according to a Pentagon source, a crew member said over the radio: "Uh-oh, the Stark's been hit."

The Exocets slammed into the ship on the left side, just below the bridge. They plowed into the crew quarters, where many men had gone to bed. The missiles tore an ugly, 15-foot hole in the side of the ship. The blast threw Petty Officer Michael O'Keefe out of his bunk. As he tried to help his men,

he could see the reflection of flames on the bulkhead and water was pumping into the compartment, apparently to cool down nearby ammunition supplies. "We got to the main hatch, and I seen a fireball there," O'Keefe said later. "That's when I knew we were in real trouble."

Exocet missiles have never succeeded in sinking unarmed oil tankers in the Gulf. Their explosives are smothered by the huge ships' double hulls and by the surprisingly unincendiary cargoes of unrefined petroleum and inert gas. But the Falklands War showed that thin-skinned warships, crammed with men and munitions, are much more vulnerable; their sides can easily be pierced and aluminum in their superstructures melts easily. Aboard the Stark, the impact of the second missile was felt about 30 seconds after the first one hit. Fires as hot as 1,800 degrees Fahrenheit

quickly consumed parts of the crew quarters and the adjacent combat-information center, the ship's nerve center.

Seven men were thrown into the sea by the impact. Five of them were recovered after floating for as long as seven hours; the other two died. Another 35 men died quickly on the ship—burned to death or suffocated by the sudden loss of oxygen. The fires raged on for nearly a full day as the Stark limped toward port in Bahrain.

After firing its missiles, the Iraqi jet turned toward home. The Saudi pilots patrolling nearby in two American-made F-15s were prepared to give chase, in hopes of forcing the Iraqi to land at a Saudi airfield. A Saudi crewman aboard the AWACS plane asked his ground controller to authorize the pursuit. But long before permission could have been obtained—even if the Saudi brass had wanted to give it—the Iraqi warplane was out of range.

According to an unconfirmed report in a Beirut newspaper last week, two Iraqi pilots responsible for firing the Exocets were arrested when they reached home and were subjected to the rigors of a "thorough debriefing." Whatever really happened to the pilot or pilots, American analysts could only fall back on theories, so far, to explain the attack. One hypothesis was that the Mirage pilot intended to patrol an area one degree of latitude farther north, where Iraqi planes had attacked two tankers earlier in the day. If the pilot had punched the wrong latitude into his navi-

Heartbreak in a wife's face: Susan Ryals

SCOTT WHEELER FOR FLORIDA TIMES-UNION - PICTURE GROUP



gation system before taking off, the instrument would have led him to the Stark, allowing him to believe that he was in the vicinity of tankers carrying Iranian oil.

But why didn't the Stark's electronic sensors detect the attack once the first Exocet was launched? Its main radar, a relatively low-tech SPS-49 unit, has good range but a weak eye for detail. It apparently did not detect the separation of the Exocet from the Mirage. As the missile closed in, the radar may have been blinded by an atmospheric phenomenon known as "ducting," in which radar signals bounce off a layer of warm air rising from the water. Some Navy experts in Washington suspect that ducting may have masked the missile's approach.

Another key sensor apparently failed to do its job. The SLQ-32 radar detector is a high-tech version of the radar detector that some motorists use to escape speed traps. The "Slick-32," as it's called, detects incoming radar transmissions, matches them against a computer "dictionary" and identifies the approaching threat. Captain Brindel said that all of his systems were working, but evidently the SLQ-32 failed to pick up the final homing radar transmissions from the incoming Exocets. Ironically, more elaborate electronic sensors were available nearby, on board the AWACS plane. But the AWACS didn't spot the Exocets, either. And if the plane had seen the missiles, it would not have been able to warn the Stark in time. The AWACS was not linked directly to the endangered frigate; instead, it communicated with a destroyer in the U.S. fleet.

'His call': Naval command is never lonelier than in the aftermath of a disaster. As Captain Brindel gathered up his dead and coaxed his ship into port, questions were being raised about his own performance. Why didn't the Stark open fire when the Mirage closed in? At the very least, why didn't the captain switch the Phalanx system to automatic? "It's his call," said one Pentagon brief, studiously keeping his distance from the issue. In hindsight, a retired Navy captain declared: "I'd rather be relieved of my command for shooting down a friendly Iraqi plane than have to explain the loss of 37 sailors."

Brindel's career may suffer, as most do after a tragedy. But the skipper had many defenders. "Standard tactical doctrine

says the best defense against a missile is to knock its platform out of the sky before it can launch," said one naval source. But he noted that scores of friendly military planes and commercial aircraft came within range of the Stark's missiles every day. "And if that captain had shot down that Mirage at 30 miles," the source added, "we'd be hanging his ass today." Another sympathetic observation came from the commander in chief. "What would we have done if we were in the same position," Reagan asked a group of reporters, "believing that it was a totally friendly plane?"

Without making excuses for himself, Brindel remarked: "There are some funny things going on in the Gulf." On many occasions, said naval sources in Washington, both Iraqi and Iranian planes have buzzed U.S. warships, passing directly overhead. A political decision was made in Washington more than two years ago that American warships would not provoke a fight by firing on Iraqi or Iranian aircraft unless there were clear signs of hostile intent that went beyond mere buzzing. "I don't like to say that it may have been only a matter of time until something like this happened, where a mistaken missile was

shot at an American ship," Brindel told reporters in Bahrain. "But I think that's basically what happened."

The formal "rules of engagement" that were approved by Weinberger and Reagan put the captain into a no-win position. The rules specified that a captain could defend his ship against any approaching vessel or aircraft, as long as it displayed "hostile intent," in the captain's judgment. But how could a skipper determine hostile intent, except on the basis of range? And if Iraqi and Iranian planes were allowed to buzz U.S. ships without drawing fire, range became meaningless.

Naval presence: The ships' overall mission was no clearer than the rules of engagement. American presidents have been showing the flag and policing the sea lanes in remote corners of the world since the days of the Tripoli pirates. "You don't have a Navy just to fight hot wars," said a White House adviser. "You also have a Navy to establish geopolitical presence." The Gulf was worth patrolling, but it was hard to see how a few ships could keep the waterway open and trouble free without air cover and without authorization to act more aggressively in their own defense. Unless a much larger naval commitment is made—perhaps including some help from other nations—it may not be possible to do the job without occasional losses of life. "We have to do these kinds of things," conceded one Navy man. "But the least the president can do is acknowledge what everyone who has been there knows: that these young sailors are being placed in a terrorist battle zone, and there's not a helluva lot they can do to defend themselves."

That lesson seemed to have sunk in on the mourners who gathered at the Mayport Naval Station, near Jacksonville. Reagan delivered an unabashedly sentimental speech, written by White House staffer Anthony Dolan. Praising the dead—"Yes, they were heroes"—the president spoke of "all the lovely spring and summer days we will never share with them again." He singled out Senior Chief Petty Officer Gary Clinefelter, whose son Brian was killed on board the Stark. Clinefelter sat next to Mrs. Reagan as the president described how the petty officer had worked to assist the families of other victims, even after his own son's death was finally reported on Wednesday. "I must carry on," Reagan quoted him as saying. Of course, no one ever doubted that the sailors of the U.S. Navy were devoted to their duty. The question was whether the task set for them in the Gulf could be carried out at an acceptable cost.

RUSSELL WATSON with THOMAS M. DEFRANK, JOHN BARRY, MARGARET GARRARD WARNER and RICHARD SANDZA in Washington, CHRISTOPHER DICKEY in Bahrain and DAVID L. GONZALEZ at the Mayport Naval Station



DAVID MILLS—PICTURE GROUP

They 'made themselves immortal': A son left behind

WIDE LINKS



Whenever you wish to travel, we have
the right connection.

Kuwait Airways flies to more than 40 destinations, with convenient connections. After all, your comfort is our concern. Our friendly reservation offices around the world will gladly assist you to draw up your travel plans.

Once you are on board, our attentive cabin crew ensure you have a pleasant journey, whether you fly First, Oasis Business or Economy Class. The cuisine is simply superb, and is served in splendid style, aboard our fleet of modern wide-bodied jets, Boeing 767's, 747's and Airbus A300's.

In fact, you might notice that many aspects of our service are simply a cut above the ordinary. That's because we've been flying for more than 30 years now, refining our service with every passing year. Visit our sales offices anywhere in the world - they'll be more than glad to help you.



الخطوط الكويتية
KUWAIT AIRWAYS
Where east meets west

SIEMENS

Haute Couture for Haute Cuisine.

With Siemens Computing.

The elegant world of haute cuisine is also the elegant world of the master chefs. And it's not only their guests, their restaurants and their creations that are chic and expensive but also the clothes they work in. These master chefs in their temples to the fine art of gastronomy wear exclusive designs by Bragard of France, creators of the "uniformes de prestige" for hotel and restaurant staff and the prestigious chefs' jackets which are worn by members of the "Club des Chefs des Chefs" who cook for kings and presidents. The couturier to these master chefs is Europe's largest manufacturer of working clothing. Quality and prestige are attributes which this firm values not only among its customers but also among its suppliers. Its computer systems for handling production and administration, for example, are supplied by Siemens – Europe's largest manufacturer of computer and communication systems. Siemens systems handle the complex problems involved in coordinating operations at 7 manufacturing locations and in providing management with accurate and up-to-date information. Whatever the industry, whatever the problem and whatever the size, Siemens has the right computer solution.

Want to know more about Siemens Computing? Just contact your local Siemens office, or drop a line to: Siemens AG, Infoservice 134/Z 560, Postfach 23 48, D-8510 Furth, Federal Republic of Germany.

There's a Siemens Computer for every business.



A19100-D-Z144-X-7600



FRIENDLY FROM A TO Z.

Middle East. Convenient connections from most major European cities via **Vienna** to *12 destinations* in the **Middle East** and **North Africa**. See → **First Class** service and punctuality.





DEPARTMENT OF DEFENSE

The supercarrier John F. Kennedy at sea: Renewed debate over the wisdom of the surface Navy's new forward strategy

The Navy Sails on Rough Seas

After the Exocet attack, the U.S. faces tough questions about its fleet

The bird itself is slightly more than 15 feet long and just 14 inches wide—invisible to all but precisely tuned radar. Launched from a low-flying aircraft miles away over the horizon, it skims along at 500 miles per hour only eight feet above the waves. The crew of HMS Sheffield, which was sunk during the 1982 Falklands War, finally saw the missile homing in on them when it was less than a mile away: the warhead detonated in the bowels of their ship four seconds later. Last week the U.S. Navy encountered the Exocet in combat for the first time, with equally disturbing results. And if the carnage on the USS Stark suggests that Navy planners have more to learn from the Sheffield disaster, they will almost certainly have opportunities to use such hard-won knowledge in the future: more than 25 nations have now bought the murderously effective ship killer that is the pride of France.

The Stark disaster reignited the debate over the U.S. Navy's role in the era of high-tech warfare. The issues are whether the Navy is building the right kind of surface fleet for its changing missions and whether its planning is flexible enough to allow for real-world contingencies like the incident in the Gulf. That debate has enormous consequences for U.S. foreign policy and U.S.

defense spending—and as the events of the past week demonstrate all too clearly, the price of any miscalculation may well be paid in American lives. Aside from the Star Wars missile-defense system, expanding the Navy to 600 ships has been the Reagan administration's top defense priority; the Reagan building program, now in its sixth year, is beginning to reshape the fleet for a boldly offensive mission against the Soviet Union, if not for defense against isolated attacks by Exocets. That mission—the so-called forward strategy—calls for a multi-front naval attack on Soviet forces in both the Atlantic and Pacific oceans. The attack would be nonnuclear and pre-emptive: its main rationale is to destroy Soviet ships, planes and submarines in their home bases, before they have a chance to interdict allied convoys steaming toward Europe in the event of war.

The Navy's carrier battle groups are key elements in the forward strategy. A carrier battle group is an awesome array of ships (chart). With its concentric rings of missile-firing warships under the overall umbrella of air protection provided by the carrier at its center, such an armada can dominate up to 196,000 square miles of ocean. A standard carrier group consists of six to nine ships—the carrier itself, two Ticonderoga-

class cruisers bearing the Aegis air-defense system, two pairs of air-defense and anti-submarine destroyers and perhaps one or two nuclear attack submarines to sweep the battle group's path. A carrier's 90 planes can unleash air strikes against targets on sea or land; it can also fight submarines. In the age of the air-to-surface missile, its most crucial capability is its extended air cover: fighters from the carrier can prevent missile attacks by destroying enemy "weapons platforms"—aircraft, ships or submarines—before they can launch their missiles.

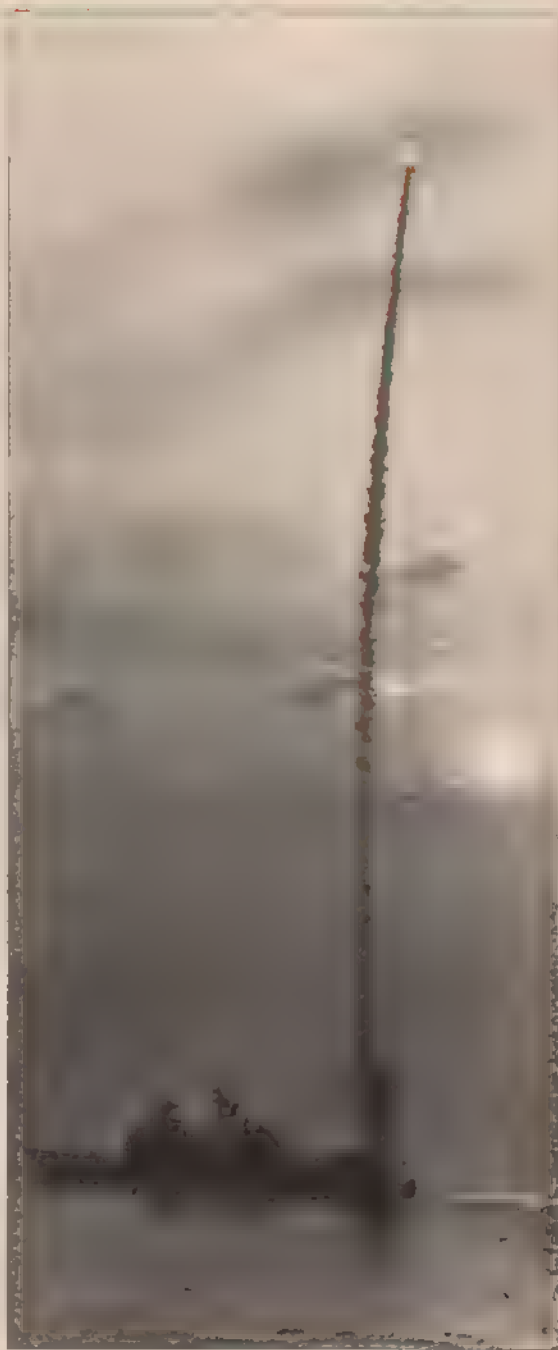
Both the Reagan buildup and the Navy's forward strategy have been attacked from virtually every point on the compass. Despite the massive cost—the price of expanding and modernizing the fleet is estimated at around \$140 billion—even friendly critics argue that a 600-ship Navy still isn't big enough to carry out the planned offensive strategy against the Soviet Union. Other critics have attacked the mix of vessels as ill suited to the wide variety of missions that the Navy must perform. The core of the Reagan buildup is the addition of three new carrier battle groups, for a total of 15. Each battle group will cost \$14.8 billion to build and, in current dollars, \$607 million a year to operate and support, according to

Ron O'Rourke of the Congressional Research Service. But critics say that 15 carrier battle groups is an excessive number for one crucial wartime task—controlling mid-ocean shipping lanes—and not enough to execute the high-risk forward strategy. In particular, the critics challenge the realism of sending surface battle groups around Norway's North Cape to attack the home ports of the Soviet northern fleet—a plan some say would be suicidal.

Partly in response to such criticism, the Navy has gradually modified the forward strategy over the past six years. Now the talk is merely of controlling the Norwegian Sea, gateway to the Atlantic, and of providing carrier air power for the defense of Norway. Although carrier air strikes against the Soviet northern fleet bases are still on the menu, revised versions of the forward strategy seem to call for keeping the carriers out of harm's way. But big questions still remain—for no one really knows how vulnerable a carrier task force is to antiship missiles. The Exocet, for example, is relatively slow: some Soviet ships are already equipped with a much faster missile, the SS-N-22, which flies 10 feet over the water at twice the speed of sound. And while the Stark's main defenses could not handle more than two missiles at once, U.S. warships would face hundreds of SS-N-22s in any encounter with the Soviet Navy.

No more 'swing': The architect of the forward strategy was Adm. Thomas B. Hayward, who became chief of naval operations in 1978. Hayward was concerned about three key developments of the 1970s: the growth of Soviet land and air forces threatening Asia and particularly Japan; the growth of the Soviet Pacific fleet into what is now the largest of the four Soviet fleets, and the advent of the U.S. Navy's supercarriers, which are too big to pass through the Panama Canal. Taken together, those developments spelled the end of "the swing strategy"—the premise that in an all-out war with the Soviets, U.S. carriers in the Pacific would hasten through the Panama Canal to help fight Soviet subs in the Atlantic until Europe was secure.

In the Atlantic the biggest threat came



Punching power: American seagoing missile pad

from growing Soviet submarine forces based on the Kola peninsula. U.S. strategists saw that if the Soviet subs got loose into the Atlantic, it would take weeks for the U.S. Navy—with some help from the British and Dutch—to destroy those boats. One estimate suggested that it would be a month before the first convoy could cross the Atlantic on anything other than suicidal terms—although NATO land forces probably couldn't hold out that long. If, however, the U.S. Navy could find some way to destroy the Soviet submarines before they got into the Atlantic, the ocean

war would become dramatically easier.

That in itself might not have driven the Navy to think of sending its carriers into the Norwegian Sea. But the late 1970s brought the first emergence of a new Soviet capability against those Atlantic convoys: the Backfire bomber, a modern, swept-wing aircraft equipped with long-range cruise missiles. The Backfire is a formidable anticonvoy weapon: its mission is to dash out from bases on the Kola peninsula and swoop down on the lifeline to NATO. Further, U.S. strategists also realized that Soviet capture of Norwegian or Icelandic airfields by a mixed amphibious/airborne assault could provide operating bases for the Backfire right on the Atlantic coast. NATO forces—U.S. and British Marines—are assigned to defend Norway, and if they got there in time they could probably do a good job. The Navy recognized that carrier air power could reinforce the defense of Norway, break up Soviet assault forces aimed at Norway and Iceland and at the same time maul the Soviet submarine force. That led them to formulate a forward strategy for the Atlantic as well.

The actual numbers—the famous 600-ship Navy—were added up fleet by fleet by Navy planners: four carrier battle groups in the Mediterranean, four in the Atlantic and seven more in the Pacific. Critics charge, however, that the basis for these figures remains mysterious. In addition, the Navy wanted four "surface action groups" formed around World War II-vintage battleships like the USS New Jersey—one each for the Mediterranean and the Atlantic and two for the Pacific. When they added up the necessary escort vessels, mine warfare craft, auxiliaries and supply ships, the total was around 600 ships. The building program was approved and sold to Congress by Defense Secretary Caspar Weinberger and former Navy secretary John Lehman, the outspoken Reagan appointee who is usually identified as the architect of the 600-ship Navy. In fact, Lehman and the Reagan administration raised the Navy's shipbuilding goals only slightly from the Carter administration's plans.

How much is enough? The 600-ship Navy is now becoming reality, but the question remains: is it big enough? "I suspect they need 18 to 20 carrier groups," says naval analyst Norman Polmar, "and probably a total Navy of 750 to 800 ships." The Joint Chiefs of Staff seem to agree. According to a Joint Chiefs planning document, Navy planners have called for 22 carrier battle groups by 1991.

Other critics raise even more basic questions about the forward strategy's goals. Edward Luttwak, a well-known defense analyst at Georgetown University's Center for Strategic and International Studies, maintains that the administration's first defense priority should be to beef up the

land defense of Europe, rather than pouring cash into further expanding the surface fleet. In his "The Pentagon and the Art of War," Luttwak argued: "Naval operations would be largely irrelevant for Soviet military action in the major continental theatres of war—Central Europe, Western Asia and the Russo-Chinese border zones. . . . Thus even the total defeat of the Soviet Navy would not seriously impair the Soviet Union's capacity for invasion." Luttwak calls the naval buildup "a classic strategic error," and he attributes it to what he sees as Weinberger's failure to impose strategic direction on Pentagon budgeteers.

Robert Komer, a former under secretary of defense during the Carter administration, finds a deeper purpose in the administration's naval buildup. Komer sees the concentration on the Navy as a symbol of the Reagan administration's "unilateralism"—the view that foreign alliances may hinder America's global might. Komer says that the United States has no choice but to confront the Soviet Union in concert with as many allies as it can muster and that the defense of the most vital of these, the Europeans, must take first priority. Under the blitzkrieg conditions of modern warfare, Komer also argues, seaborne resupply convoys will have little or no impact on any land battle for Europe in time to have a significant effect upon its outcome: the battle will be over within a month of a Soviet invasion. The Navy, in other words, is largely irrelevant.

Beneath the bickering over the size of the Navy is a more fundamental argument over the proper role of sea power in U.S. foreign policy. Broadly speaking, naval power can provide two things: sea control and "power projection." Sea control is the more limited option. In essence, it means controlling the ocean shipping lanes in order to win land battles. Power projection, on the other hand, means going on the offensive in wartime—attacking the enemy in his own bases. In peacetime, power projection can mean anything from incursions such as the Navy's exercises off the coast of Libya in 1986, the amphibious invasion of Grenada or sending a squadron of frigates into the Gulf. All are messy, "low intensity" conflicts that have nothing to do with the forward strategy or the debate over the 600-ship Navy—but where, in the age of low-cost, high-tech missilery, the human and political costs can suddenly escalate, as they did with the Stark.

'Low' threat: Last week's incident in the Gulf has verified what the Falklands War demonstrated in 1982: that high-tech weapons like the Exocet are now so widely available that there is no longer any guaranteed "low threat" environment. The advent of weapons like the Exocet has democratized the military component of foreign policy: virtually any small country can af-



FRED J. MAROON, LOUIS MERCIER

High tech on the oceans: Combat-information center aboard an Aegis cruiser

Reagan's Buildup

The president has added about 80 ships to the 479 he inherited in 1980. His goal: a 600-ship Navy.

	NUMBER OF SHIPS 1980	NUMBER OF SHIPS 1986
Aircraft carriers	13	14
Battleships	0	3
Cruisers	26	35
Submarines	79	101
Frigates	71	110
Destroyers	80	88

SOURCE: THE SHIPS AND AIRCRAFT OF THE U.S. FLEET BY NORMAN POLMAR

ford a supply of smart missiles and the aircraft to deliver them, which means that a great power like the United States must expend enormous resources even when it is merely showing the flag.

The reason is simple: the only way to protect low-tech vessels like the USS Stark is to provide air cover. Only an aircraft can intercept an incoming plane or vessel hundreds of miles away; it can inspect the intruder, force him to declare his intentions and, if necessary, ward him off. But that raises a further question: where will the defending aircraft be based? In the Gulf region, according to Lehman, both Saudi Arabia and Oman have been asked to provide land basing for U.S. patrol aircraft—and both, according to Lehman, have refused. Without land bases, the only option is carriers. If the Navy ever did have to mount sustained air coverage over the Gulf, it could do it, probably by stationing two carriers in the Arabian Sea just outside the Strait of Hormuz—"Camel Station," as the Navy calls it. But to sustain two carri-

ers there for any length of time would need a total commitment, according to Lehman, of six carriers. Otherwise each carrier would have to stay on station for months on end, imposing an enormous burden on the morale of the peacetime Navy. Providing air cover for even a modest tanker-convoy operation in the Gulf, in short, could easily force the United States to commit nearly half the carriers in the newly enlarged Navy.

Hard choices: The Stark disaster plainly demonstrates the rising risks of projecting U.S. power. The ship was ordered into a potentially lethal situation with no clear military function—a "peacekeeping" mission. But it can hardly be argued that the U.S. Middle East force has kept the peace in the Gulf. There have been 271 attacks on tankers in the Gulf in the past three and a half years. The rules of engagement hindered effective self-defense: the Stark was not allowed to prepare for potential attackers until it was too late. Given those risks, how should the Navy go about showing the flag—not only in the Gulf, but all around the world?

The choices are hard. The United States can scale back its commitment to keep the peace in hot spots like the Gulf, or it can share the burden with its allies—perhaps, as Lehman suggests, by announcing that it cannot protect Gulf oil unless the Arab producing states and the European consuming states provide some cooperative muscle. Alternatively, the United States could build more high-tech vessels that are able to defend themselves, or give low-tech vessels like the Stark the chance to protect themselves by declaring, and enforcing with fire, a wide "no entry" zone around the ships. The last alternative—continuing to send ships like the Stark into the worldwide Exocet zone—clearly is no longer acceptable.

JOHN BARRY in Washington



One government but two very different views on defense: Genscher and Kohl during a debate over INF in the Bundestag

STEVE STALON

Kohl's Missile Dilemma

The chancellor is under pressure to accept the 'double zero' proposal

All spring West German Chancellor Helmut Kohl has waffled on the proposed U.S.-Soviet treaty to reduce intermediate-range nuclear forces (INF) in Europe. He and his Christian Democratic Union (CDU) worry that the INF accord will leave West Germany more vulnerable than any other NATO nation to a Warsaw Pact ground offensive. But last week Kohl got a sharp nudge from his public: in state elections in Hamburg and Rhineland-Palatinate, the CDU lost ground to its coalition government partners, the small Free Democratic Party, which backs the scrapping of medium- and shorter-range U.S. and Soviet missiles. Observers interpreted the vote to mean that Germans overwhelmingly favor the "double zero" INF package—and Kohl seemed to agree with that reading. "The missile discussion in the past two or three weeks has harmed us," he said glumly.

Kohl found himself at odds not only with West German voters but with virtually all of the NATO alliance as well. The Reagan administration has grown increasingly im-

patient with the chancellor's inability to come up with a concrete INF response. Washington has tried to pressure Kohl by announcing that if the West Germans reject the limitations proposed by the Soviets covering so-called short-range intermediate nuclear forces, or SRINF's, the United States will press to match the approximately 150 Soviet SS-12/22 and SS-23 missiles now in place. That would mean more U.S.-controlled nuclear forces on West German soil and an almost certain reprise of the public outcry that accompanied the deployment of the U.S. Pershing II and cruise missiles nearly four years ago, a highly unpleasant prospect for Kohl.

Cabinet split: French President François Mitterrand is on record favoring the double-zero plan, but so far he has refrained from publicly goading Kohl on the matter. Mitterrand would even be willing to drop the short-range weapon limitations if Kohl finds he cannot accept them, on the logic that since the first nuclear skirmishing in Europe would be on German soil, Kohl is entitled to veto this part of the INF blue-

print. British Prime Minister Margaret Thatcher's government, however, has already expressed its willingness to accept the proposal, and in a letter two weeks ago Thatcher urged Kohl to make up his mind, too. The split over INF reaches into the West German cabinet as well, with Foreign Minister and FDP stalwart Hans-Dietrich Genscher and even some moderate CDU members backing the proposal.

For Kohl, the struggle over INF has turned into one of the more troublesome episodes in his five and a half years in office. The plan would deprive Bonn of its 72 Pershing 1A missiles. Kohl and his supporters worry that the elimination of the 1A's would leave their country vulnerable to attack by the Warsaw Pact's superior conventional and chemical forces. An even greater fear is that in the event of war, German territory would become a nuclear killing ground, as the superpowers took aim at each other with their estimated 11,000 short-range, battlefield and tactical nuclear devices. Because of the enormous obstacles involved in counting and classify-

ing these small, relatively portable weapons, they have not been covered so far by the Geneva INF talks.

With the pressure mounting in the run-up to last week's state elections, Kohl finally announced an arms-control plan of his own. In an unexpected statement 10 days ago, the chancellor floated a "triple zero" scheme, aimed at limiting not just intermediate- and short-range weapons but battlefield nuclear devices as well (those with ranges of less than 310 miles). The abrupt announcement—it was made without even consulting FDP coalition members—only succeeded in muddling the Bonn government's precise position on INF once again. And it widened the rift with Washington; privately Reagan administration officials accused Kohl of "kicking the can down the road" in an effort to delay arms-control negotiations.

'Move forward': Kohl's fits-and-starts approach to INF has paralleled an outpouring of public support for FDP veteran Genscher. The foreign minister has argued that unless the West accepts both parts of Moscow's "zero-zero" offer, it risks jeopardizing the entire agreement. According to polls, 92 percent of the West German populace shares Genscher's outspoken support of the plan. His presence provided a huge boost for the Free Democrats during the state election balloting. "We're not happy about the CDU losses," said FDP leader and Economics Minister Martin Bagemann last week. "But if these results are to have any political purpose... the coalition must sit down and make a decisive attempt to move forward on disarmament."



HAMBURG: REUTER

West Germany's indecision creates new NATO frictions: Anti U.S. demonstrators in Oslo

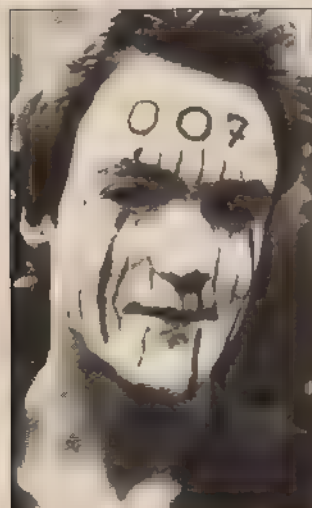
Last week's electoral setbacks came as a shock to the CDU. The party had held a 16-year absolute majority in Rhineland-Palatinate, Kohl's home state. In addition to dissatisfaction with the CDU's disarmament policies, voters may have also been unhappy about the government's support for agricultural-subsidy cutbacks proposed by the European Community. That loss will force the local party to form a coalition with the FDP. In addition, the battered Social Democrats staged a comeback in Hamburg, winning 45 percent of the vote to the CDU's 40.5 percent. The twin reversals sent a political message that even Kohl acknowledged he must "weigh... and learn a lesson from."

He will have to work quickly. Washing-

ton has made it clear that it expects Bonn's position on INF by the time the World Economic Summit begins in Venice on June 8. The coalition has promised to start debating the proposal in earnest late this week, after Soviet leader Mikhail Gorbachev and other Warsaw Pact leaders wrap up their defense talks in East Berlin. Late last week Kohl announced he would present his government's official position on INF during a June 4 speech before the Bundestag. Until then, the chancellor and his CDU partners—who campaigned under the banner of "More peace with fewer weapons"—will spend plenty of time worrying about both

JACOB YOUNG with DEBBIE SEWARD in Bonn,
FRED COLEMAN in Paris and
JOHN BARRY in Washington

Furor Over the Census



DIRK BIERMANN: AP/WIDE

Too much data? Protester

A census ought to be as routine for citizens as filing tax returns—an unpleasant task that has to be done. But many West Germans believe the government has logged enough data on them—and that the upcoming *volkszählung*, or people count, is an intolerable intrusion into their privacy. So as West Germany prepares to complete its nationwide census this week, opponents have launched an angry boycott movement, rallying under the slogan of the pro-environment Green Party: "Only Sheep Let Themselves Be Counted."

The government and the public have long been butting

heads over the issue. Widespread resistance helped scuttle previous attempts in 1980 and 1983, preventing West Germany from conducting the poll for 17 years. Critics contend that information from the census—which includes 33 questions on topics ranging from religious beliefs to the size of one's home—could be misused by police and security organizations. Officials in Bonn, who insist the information will remain confidential, argue they need the data for distributing state subsidies and planning new public housing and schools.

Opposition has mounted as the June 1 deadline approaches. Last week 20,000 protesters gathered in Berlin; in Hamburg, masked motorcy-

clists seized questionnaires from government census takers and dumped the forms in garbage cans. Bonn has retaliated by raiding Green Party offices and seizing anti-census leaflets. It has also launched a \$29 million campaign of television spots, pamphlets and posters to ease the public's paranoia. But polls indicate that half of all West Germans distrust the census and that up to 7 percent of the population will boycott it even though they risk a \$5,800 fine. Census officials deny the naysayers will skew the results, but they may have to lower their expectations. Says Egon Holder, head of the Federal Statistics Office: "After 17 years, discrepancies are better than no census at all."



HPRIZOG-APP



WITT-SIPA

Keeping rightist leaders from 'sleeping at night': Le Pen with supporters, Chirac

France: The Power of Le Pen

Arguing over how to deal with the extreme right

For France's ruling neo-Gaullists, the questions were pointed and provocative. "Have we returned to the tragic weaknesses of the 1930s?" asked Michel Noir, France's minister of foreign trade. "Are we prepared to lose our soul so as not to lose elections?" In an impassioned front-page article in *Le Monde* two weeks ago, Noir raised an issue that has bitterly divided the country's mainstream conservatives: how to deal with Jean-Marie Le Pen's extreme right-wing National Front. With polls giving Le Pen a steady 10 percent of the French vote, many members of Prime Minister Jacques Chirac's Rally for the Republic (RPR) party say they need the extremist leader's support to win the presidential election that must take place within a year. As the weekly *Le Point* commented last week: "Le Pen's power has become such that he keeps [rightist leaders] from sleeping at night."

The question of Le Pen's role has troubled French politicians since last March, when 35 of his party members were elected to the National Assembly on a hard-line law-and-order and anti-immigrant platform. But it exploded last month when the controversial party leader seized on a new issue: AIDS. Among other distortions, Le Pen said AIDS is spread by sweat and cannot be curbed with condoms. (Neither statement is true.) In a context darkened by the trial of Gestapo leader Klaus Barbie in Lyons, Le Pen told a TV audience that

patients with AIDS (SIDA is the French acronym) should be sent to "sida-tori-ums"—and called victims of the disease "sidaïques." To many listeners in France the words sounded ominously like the terms "crematorium" and "judaique," and they unleashed a storm of outrage. "We do not have the right to allow certain people to develop hateful, racist, anti-Semitic ideas," Noir wrote in *Le Monde*. "No Gaullist worthy of the name can accept being elected by bartering with his most precious convictions: liberty, tolerance and respect for the human person."

Fishing for votes: As it is, mainstream conservatives already rely on the tacit support of Le Pen's extremists to govern 10 of the country's 22 regional councils. But the RPR is split over whether to tilt further to the right in order to capture some of Le Pen's supporters. On one side, Noir and other younger ministers, including Alain Juppé (budget), Michèle Barzach (health) and Claude Malhuret (human rights)—oppose fishing for votes among the extremists as not only ethically wrong but tactically counterproductive. They note that 55 percent of French voters say Le Pen is a "danger to democracy," and they argue that the RPR's rightward drift could scare moderate conservatives into voting for former prime minister Raymond Barre of the more centrist Union for French Democracy. "If we hunt on Le Pen's land," Malhuret warned, "not only will we lose our

soul, but we will also lose the elections."

But a faction of old-style RPR politicians, whom the press has dubbed "the ancients," maintain that the RPR can win only by moving toward Le Pen's trademark positions on immigration and law and order—in effect, outflanking him. That attitude is championed by the wily Interior Minister Charles Pasqua, who last week, in a disturbing echo of the wartime past, threatened to deport illegal immigrants "in trains, if necessary." Pasqua, who also recently ran a staunch antipornography campaign that attracted the support of far rightists, made no bones about his reaction to Noir's article. "The role of a minister is to run his department," he growled.

'Authoritarian tendencies': Chirac has so far avoided confronting the issue in public. "I have no intention of allowing myself to be pulled into any polemic whatsoever," he said recently. Even so, Chirac did summon Noir to his office last week for a sharp dressing-down; officials close to Noir said the prime minister told the minister to "shut up." Many analysts believe the Le Pen issue will haunt Chirac until the presidential election—and beyond. Previously a wide-umbrella party, the RPR can no longer maintain a grip on both the "authoritarian tendencies of one part of the right and the centrist temptations of another," wrote *Liberation* editor Serge July. Navigating in narrow waters between Barre and Le Pen, Chirac's RPR may be unable to avoid a choice—and could risk losing leaders, voters and its "soul." Meanwhile, the extreme right has won a temporary triumph: the central issue in the current French political debate is Le Pen himself.

WILLIAM BURGER with
RUTH MARSHALL in Paris

Inching Along the Highways

Red tape and corruption slow European truckers

After 30 years, the European Community has yet to create a true "common market" among its 12 member states. Contradictory national standards, mountainous paperwork and other restrictions abound. The truck drivers who crisscross the Continent routinely face withering delays at border crossings as well as harassment, intimidation and even outright demands for bribes from greedy customs officials. (A "small coffee" is the truckers' slang for a 50-franc [\$8.50] bribe; a 100-franc [\$17] payoff is a "big coffee.") Earlier this month NEWSWEEK's Meggan Dussly rode aboard a refrigerator tractor-trailer rig carrying 20 tons of pears en route from Antwerp, Belgium, destined for Alessandria, Italy, and got a taste of the travails of the long-distance trucker. Her report:

Day one The long arm of the bureaucracy grabbed us even before we got started. As our truck was being loaded on a windy Antwerp wharf at 8 o'clock Monday morning, "Long Tom" van der Mei, a 41-year-old veteran driver, and I queued up at four windows in two separate buildings to procure the paperwork approving our cargo for export and transit through France by Belgian customs agents. Then we were all set to head south to Italy, right? Wrong. Since the De Wilde Co., owner of Tom's Scania truck, is Dutch, we had to head north to the Netherlands to apply for more documents. By European standards, the Dutch officials were models of efficiency, taking a mere hour and a half to prepare our papers.

By 2:30 we were back where we had started six and a half hours earlier—in Antwerp. This time we had to pick up two extra documents that Dutch customs said were missing from our file. On a no-hassles run, Tom could have made it past Belgium and midway through France by 10 p.m. As it was, we spent the night near Auxerre (100 miles south of Paris), having covered only 378 miles, a distance I can travel in my dinky Deux-Chevaux in about five hours. To our surprise, we had not been stopped on a technicality—and for a bribe—at the French-Belgian border, possibly because of a recent rash of complaints by trucking companies about extortion by customs officials. But Tom remained edgy; he recalled the day when a French cop stopped him for allegedly driving 24 miles per hour over the speed limit and imposed an instant 900-franc (\$150) fine. Tom refused to pay, so the gendarme settled for 150 francs—in cash.

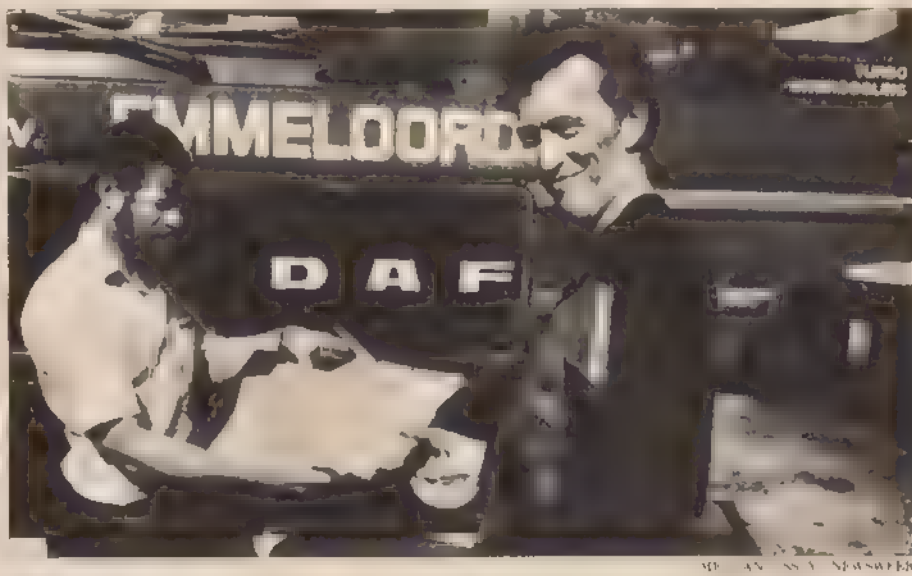
Day two. We hit the Mont Blanc tunnel

from France into Italy at 3:30 p.m. The snow-capped mountains lining the road on the Italian side are one of the most spectacular sights in Europe. For us they were also signposts to an inferno of official bumbling, red tape and obstruction. The 23-acre parking lot outside Italian customs in Aosta, 20 miles to the south, lined with hundreds of trucks from every European country, was an omen of the torments to come. As we entered the drab concrete building, an official announced that no more trucks would be passed that day. "Domani" (tomorrow), he said, with a malicious little grin. One infuriated Dutch driver stayed on to argue

Italian officials to allow the rescue truck to enter the country. And when the meat was transferred, the Italians said neither vehicle could leave the customs parking lot since both were in an "irregular" situation.

Day three. Listening to other truckers relate similar horror stories helped pass the time but did nothing to get us out of the bureaucratic limbo of Aosta. Over and over, Tom argued that he had all the papers required by national and Community law. Equally stubborn Italian officials insisted that his documents should have come from Belgium, not Holland. Finally, 29 hours after our arrival, a solution was found. Tom's pears could continue on to their final destination in Alessandria—but not in our truck. Dejected and enraged, Tom watched the whole load being transferred to an Italian truck to complete the final 200 miles of the journey.

European leaders, recognizing the pit-



Horror stories on the road: 'Long Tom' (right) and fellow trucker in Aosta

with the director. He had just learned that the Italians were not accepting licenses to unload Belgian produce in Italy if the documents had been granted, as ours was, in the Netherlands. A perfect Catch-22 that was to result in a day and a half of arguments, long-distance calls to headquarters in Poeldijk, Holland—and no progress.

Conked out: Others had it far worse. Jean-Paul Poex, a 23-year-old French trucker, had arrived at Aosta with a load of fresh meat on Wednesday of the previous week. He had been stuck there waiting for Italian veterinarians to test whether the meat contained forbidden hormones—a test which Poex claimed was not required by law. After the refrigeration unit in Jean-Paul's truck conked out on Sunday, his boss drove overnight from France with a substitute truck in a desperate effort to save the \$25,000 load. It took an hour and a half to persuade

falls of the transport tangle, have put pressure on the EC to beef up distribution of the Community license, or "red book," a document that permits truckers to travel freely throughout the Community for a full year. But despite EC efforts to increase their circulation by 40 percent a year, differences among member states have so far limited their circulation to only about 7,500 copies, and no speedup is in sight. And as Rob Luyendyck, head of the Dutch Road Haulage Association, points out: "If the borders were open, we wouldn't need red books." So for the time being, men like Tom van der Mei can probably count themselves lucky to move goods across any borders at all. Our 62-hour odyssey covered a grand total of 822 miles—or an average of 13 miles per hour. Not too bad by today's standards on the Common Market's uncommonly complicated truck routes.

The New Contras?

Back in battle, but losing the war for the people's hearts and minds

BY ROD NORDLAND

A heavy rain blotted out the sliver of new moon and plunged the night march into pitch darkness. Deep in the mountains of northern Nicaragua, we groped along blindly, slipping and falling. Each of us held onto the backpack of the man in front of us—all 60 of us, a human centipede covered in mud. None too quietly, we passed a closed-up shack where a cook fire glowed through cracks in the walls. Dogs barked and the children inside started crying; nervously, a woman sang to them to still their fear. *The contras were passing, bringing the war past the door.* For five hours we sought our ambush site, a road used by Sandinista troops, until finally we all flopped down in the muck of a cow pasture—hopelessly lost. The officers berated our guide, a local peasant they had strong-armed into showing us the way. But they, too, settled in, neglecting to post sentries or even send out a rear guard. Soon many of the men were gabbing loud enough to be heard in Managua. They struck matches, lit flashlights. The three girls they brought along began giggling uncontrollably, as one of them pondered aloud which man she would sleep with that night. To no avail, the officers pleaded for a blackout and silence. We spent the night like that, near a place called El Bote. We were more like rabble on the loose than a guerrilla army in enemy country.

These were the "new contras." Their war was on again, kick-started by the \$100 million in aid finally reaching the troops, many of them trained—legally, now—by U.S. advisers. After months, even years of idleness in Honduran camps, they were eager to prove themselves with an all-out spring offensive. The stakes: the next round of money from a skeptical Congress. That's why, for the first time in five years, the high command of the contras' main group, the Nicaraguan Democratic Front (FDN), agreed to let two American journalists accompany their forces deep inside Nicaragua for an up-close look at their war. And it is why, when we finally reached Managua, the Sandinistas took us right back out—to see the same war from their side of the lines.

For nearly a month, NEWSWEEK photographer Bill Gentile and I slogged up rivers,

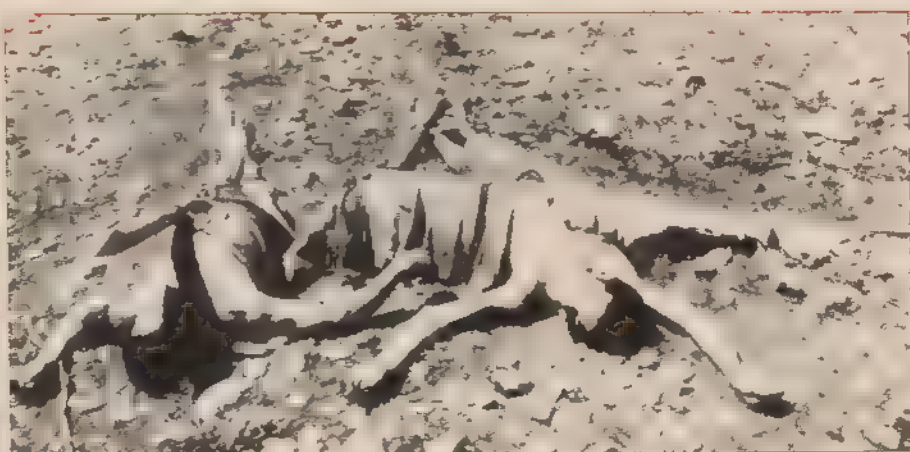


On the march: Rebel column slogs through a jungle in Sandinista territory

climbed mountains and clawed through jungles with the FDN's Nicaraio Regional Commando. During the droughts of April and the rains of May, through parts of three provinces in northern Nicaragua, we shared with them the ordeals of the march. In the first days before we reached that soggy pasture nearly 100 miles from the Honduran border, these contras were impressive. American officials who briefed us in Central America before we left said the contras showed promise on three critical fronts: establishing themselves perma-

nently in Nicaragua, taking the war to the Sandinistas by attacking military targets and, perhaps most important of all, winning over the Nicaraguan peasant majority. As we soon saw, they really were inside the country in unprecedented numbers, perhaps as many as 10,000; their morale seemed high, their new backpacks burst with up-to-date matériel, the skies droned with the motors of C-47 cargo planes dropping ammo to them, courtesy of the CIA.

They also seemed single-minded about their cause, at least at first. One day, after a



Defenders of the Forward Command Post: Two rebels killed at Amaka

week in-country, the march began at 5 a.m. The men waded a mile up the bed of a chilly, hip-deep stream, then climbed a nearly vertical trail into the furnace of the jungle day. Just ahead of me in the column was a contra, 30 years old going on 50, stooped under the 100 pounds of a mortar tube and a pack full of shells. Before the war he had been a peasant, a *campesino*, like most low-ranking contras. Here he was: sweat pouring off his brow and thick neck, groaning as he high-stepped over a fallen tree. Only a believer could work so hard, it seemed. The contras all pick a pseudonym, a *nom de guerre*, and use it to the exclusion of their real names. This one had chosen "Ronald Reagan," after he heard the president's famous remark, "I'm a contra, too." He had one more bullet wound than

his namesake, and many fewer teeth.

They started off armed with an infectious self-confidence. The commander of the 150-man task force that led us in, a 28-year-old former student leader who calls himself Attila, boasted that they would win this year—a common contra refrain. Along the path, we ran into Toño, one of the most fabled and capable of contra commanders, at the head of 1,200 men. He said they had just spent four months in the field, fought 35 engagements and been resupplied 19 times by airdrops from the gray-bellied C-47s. His casualties, he said: nine dead, 12 wounded. His prognosis was more reserved. "If we can do our best this year, we can win the war in Washington for more aid. This war is much easier—just put an ambush all the time. If aid is renewed, we can win by next year."

'Not to fight': Attila and his lieutenant, Black Eagle, had set out from the contras' new Forward Command Post, 25 miles into Nicaragua as the crow flies, with clear orders: to join other groups for an attack on the Sandinista artillery base near San José de Bocay (map). Attila even had copies of U.S. aerial reconnaissance maps showing Sandinista positions in such detail that the location of every latrine was noted. On a portable Datotek computer, the radioman decoded messages from headquarters: "All units head toward your assigned objectives with all due speed." But the Sandinistas had reinforced San José, we learned, so we would attack the Waslala turnoff instead. Later, there were too many Sandinista patrols on that road, so officers decided without orders to attack the San José road instead. We headed for that objective with Black Eagle and 60 men, until we bogged down at that pasture. En route, at Santa Maria del Cua, we lay in ambush near an unsuspecting Sandinista unit, much smaller than ours—but never attacked. "Our goal is to reach the objective," Black Eagle explained. "Not to fight along the way."

They did have their moments. The best



Inside Nicaragua: In Red Cross disguise, a contra chopper ferries military supplies



The spring offensive: A Soviet-made Mi-17 helicopter gunship sets off from San Jose against the contras, the U.S.-backed guerrillas



was at the Atapalito ridge in Jinotega Province. Attila the contra was in command, with the Sandinistas' Juan Pablo Umanzor battalion hot on our trail; the day before they had spotted us as we lingered at a peasant's house, eating, despite warnings the enemy was near. The climb up the ridge was long, steep and hot; at the crest, we threw ourselves down to rest—bunching up against orders, in the camaraderie of the shade. That gave Attila an idea. At that spot, an officer called Nagarote carefully buried a series of grenades tied to a cord—a trick recently taught him by U.S. Army Rangers in Florida, he said. A contra hid behind a tree with the cord, and when Sandinista troops crested the ridge top, the contras tripped the booby trap. Then from higher ground, contra officer Calejón and a team of 20 opened fire with their AK-47 automatic rifles; later he said 10 Sandinistas had died, although no one stayed around to inspect the casualties. "You should have seen the little animals," Calejón gloated, "all bunched up like that."

Perhaps from frustration as much as fatigue, the march corroded both discipline and comradeship. The quest for food outweighed any hunger for combat. Every campesino hut became a target. Often other contra units had cleaned out houses before we got to them. There were no eggs, because the hens had become contra fryers; no milk, because the cows had become contra beef. Frequently there weren't even beans. The

contras made a show of paying for these things when they took them, but that was little solace. "There's nowhere around here to buy another animal," said one woman after the contras bought her last hen. The nearest road was at least 20 miles, a market even farther. And as the men in Black Eagle's column grew hungrier, fewer bothered with the nicety of payment—especially after they lost wads of their food money gambling. "Why not make me a gift of this chicken?" one would ask. No one ever refused. Frightened peasants become instant, if temporary, "collaborators" when scores of heavily armed, hungry men drop in for breakfast. There is no overt coercion; the physical appearance of the contras is usually sufficient. Many of the men have skulls and crossbones tattooed on their arms or painted on their shirts, or boast names like "Exterminator" and "Dragon."

Hard pressed by Sandinistas on the hunt, the contras also forced campesinos to scout for them and, worse, to walk on their point (the first man in the column) to make sure we weren't falling into a trap. They bragged that these men were their collaborators, but when we talked to them privately it was clear they felt more like human mine detectors. They were, however, the secret to how we repeatedly managed to evade our Sandinista pursuers in the tangle of densely jungled mountains and isolated farmsteads in the provinces of Jinotega, Zelaya Norte and Matagalpa.

The contras were great at retreating; attacks, they never quite managed. One after another, we abandoned targets assigned us by the high command. "I'm sorry you cannot stay longer," said Black Eagle as we prepared to leave following the debacle of the pasture. "I'm sure that in time you would see a great success." He seemed relieved to have us go.

For a country at war, Nicaragua is not hard to travel in. Leaving the contras, we sneaked across Sandinista lines and found a truck to take us to Managua. There, government officials made us a bold offer: we

Holding firm: Wounded Sandinista





fire their 60-mm mortars to cover a retreat from Sandinista ground forces

could return to the same region in the company of their forces, and see "the other side of the coin." By air, truck and on foot, we spent another week with Sandinista troops, crisscrossing our routes of the month before.

Our return to the area around San José de Bocay came inside one of the Soviet-made Mi-17 helicopter gunships, bristling with the rocket pods and machine guns we had spent so much time hiding from only two weeks before. At the Sandinistas' command post along the Río Bocay, helicopters and big Soviet trucks, transport planes and jeeps came and left all day in a fury

of dust. A counteroffensive was on, aimed at wiping out the bases we had just visited.

The main target was San Andrés de Bocay, on the Honduran side of the border at the confluence of the Coco and Bocay rivers. Around a small landing strip there, the contras were dug in on steep hills with antiaircraft guns and mortars—a complex of camps they dubbed Star Base. For 25 miles south along the Bocay, inside Nicaragua, they had established an overland supply line to their Forward Command Post some 20 miles farther on. This encampment, with hundreds of troops and a helicopter landing zone (LZ), was to be the new,

in-country nerve center of the war. The overland lines, then, were vital—the small LZ could not handle the volume of supplies needed for a major offensive.

The Sandinistas called their counteroffensive the biggest of the war—and the shortest. On May 10 they landed five battalions by helicopter near Amaka, and fought their way down the Río Bocay to the Honduran border. The next day, under withering fire, they waded across the Río Coco into Honduras, and quickly took the Star Base hilltops at San Andrés, thus cutting the supply route. The contras "don't have any balls," said Manuel Antonio, a 20-year-old soldier wounded in a grenade blast in the fighting. "Most of them just run." Lt. Col. Manuel Salvatierra, commander of the operation and head of the Sandinistas' Sixth Military Region, made no apologies for attacking a contra base in Honduran territory: "Without their sanctuaries in Honduras, they couldn't exist."

Eyes of death: When the Sandinistas flew us along the river, skirting the treetops, the troops below were now all Sandinistas, although from deeper inside Honduras, the contras shelled the landing zone where we set down. At Amaka, the bodies of two contras lay on the river bank. We recognized both of them from our time with the FDN at the Forward Command Post; eyes wide open in death, both had been shot several times. The contras later said their defeat in the region was unimportant; that they had never intended that command post as a permanent base. Theirs is a guerrilla war, they insisted, and the idea is not to defend territory but to evade the enemy, develop local support, choose the moment to attack.

The greater aggressiveness of the Sandinistas may explain one anomaly of the war. Most guerrilla armies inflict far more casualties than they suffer, since they have the advantages of terrain and surprise. Yet FDN guerrillas and Sandinista troops, according to the latest U.S. intelligence estimates, suffer roughly equal kill ratios. The contras seem reluctant to follow U.S. officials' advice to confront the regular Sandinista military, instead of concentrating on more lightly armed civilian militias and undefended targets. The two fire fights we experienced in all our time with the contras were both defensive maneuvers. By contrast, the Sandinista unit we accompanied, the Simón Bolívar Battalion, found contras and fought after only two days. The 20-man "company" we marched with near El Bote learned from peasants that 150 contras were somewhere behind us; they immediately turned around and went looking for them. Another of the battalion's companies found them first.

The conduct of the Sandinistas made a striking contrast with the contras. Their discipline held firm after many months in

Coerced 'collaboration': Comandante Attila interrogates a campesino woman



the Isabelia Mountains—even though the Simón Bolívar Battalion was made up mostly of draftees on two-year tours of duty. Many told us they hadn't seen a paved road or had a cold drink in 15 months of steady action. Where it had taken a mere three weeks for the contras we accompanied in the same mountains to turn into an unruly scourge, Sandinista troops on the march never even stopped at a peasant's house, except with permission from an offi-

cer—and then only to wait outside for drinking water. With ground resupply readily available, they seldom ate anything they weren't carrying, mostly Hungarian canned rations and Russian rice. When they did requisition food, the campesinos told us, they always paid.

We never saw the Sandinistas impress campesinos as guides or make them walk in front of the troops. Peasants we talked to from both sides all agreed that only contras

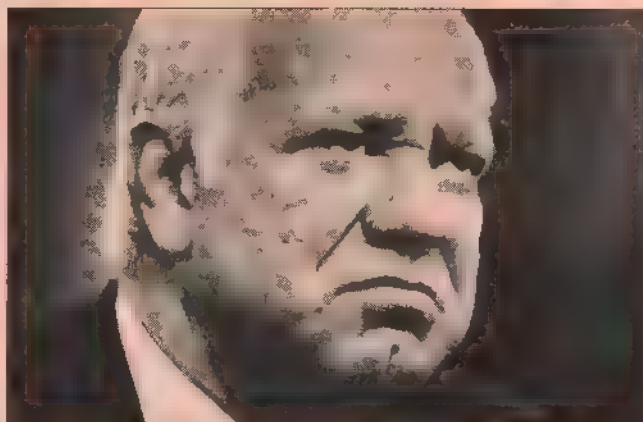
do that. "Of course none of us wants to do this—everyone blames us," one of our guides with the contras had confided. "If you're successful, we'll be blamed by the *compas* [Sandinistas]. If you fail, we'll be blamed by the contras. What can we do?"

The independent-minded campesinos of the mountains are natural enemies of the Sandinistas. Frequently, whether we arrived with contras or Sandinistas, they complained about the government's social-

The Contra Fight on Capitol Hill

The document had few kind words for the Nicaraguan contras. "There are few of the so-called leaders of this movement who really care about the boys in the field," wrote Robert Owen in March 1986. "This war has become a business to many of them." There were discrepancies in the bank accounts controlled by contra leader Adolfo Calero, Owen suggested to National Security Council aide Oliver North. Fernando Chamorro, commander of the contra forces based in Costa Rica, "drinks a fair amount and may surround himself with people who are in the war not only to fight, but to make money." Another contra leader, the report insisted, "had potential involvement with drug running and the sales of goods provided by" the U.S. government. Altogether, Owen concluded in a memo that became public during last week's hearings on the Iran-contra affair, if Congress approved a \$100 million aid package to the contras—as it did the following summer—"it will be like pouring money down a sinkhole."

That assessment by North's self-proclaimed "eyes and ears" in Central America may ultimately weaken the administration's push for continued aid to the Nicaraguan rebels. Still, it was the contras' congressional critics who were on the run last week. What began as a sharp examination of the rebels and their American paymasters turned at times into a celebration of the insurgency as witnesses—



JOHN FICARA—NEWSWEEK

Wrapping himself in the American flag: Contra leader Calero

and many of their questioners—portrayed the guerrilla war in Nicaragua as a battle between liberty and repression. Contra leader Calero quoted Jefferson, Franklin and Will Rogers to lobby U.S. viewers for additional aid. "Communism is the most sustained assault against the human spirit in human history," declared Rep. Henry Hyde, ostensibly questioning retired Maj. Gen. John Singlaub. Singlaub, an anti-communist activist who had helped provide the contras with money and arms, readily agreed. "Witnesses aren't talking about *what* they did, but *why* they did it," complained Rep. Barbara Boxer, a liberal Democrat from California. "This wasn't substance, but rhetoric and lots of emotion."

What substance there was did the administration no good. William O'Boyle, a wealthy New York investor, described a series of meetings

with North and Carl R. (Spitz) Channell, a fund raiser who has pleaded guilty to conspiring to defraud the government by soliciting "tax-exempt" contributions for the contras. During one encounter, O'Boyle testified, Channell told him that a pledge of \$300,000 would buy him a private audience with the president. Other testimony focused on some \$90,000 in traveler's checks that Calero provided to North in 1985, supposedly to finance a hostage-rescue plan. Congressional investigators revealed that North had cashed \$2,440 of the checks for such mundane purchases as groceries and snow tires. (Owen had previously testified to receiving \$1,000 in traveler's checks as a wedding present from North.) While the apparent diversion seemed relatively inconsequential, the revelation tarnished North's image as a patriotic zealot engaged in a selfless crusade

The testimony also damaged Assistant Secretary of State Elliott Abrams, the administration's official point man on Central America. In testimony before the Tower commission, Abrams said he had declined to assist in Singlaub's fund raising. But, the general testified last week, Abrams in fact agreed to provide assurances to two foreign governments—Taiwan and South Korea—that Singlaub's private fund-raising efforts enjoyed administration approval. Abrams later told him not to make the request after all, Singlaub said, but only because funds would be sought by someone "at the highest level." Singlaub took that to mean the White House.

Favorable mail: These allegations are eroding administration credibility. According to a Wall Street Journal/NBC News poll published last week, 62 percent of those surveyed didn't believe Ronald Reagan's assertion that he had been unaware of the diversion of profits from the Iran arms deal to the contras—up from 41 percent in a similar poll last December. But the cause itself lives on. As witness after witness testified in favor of continued support, letters to Congress have been surprisingly sympathetic to the insurgency. The climate may change when the next aid package comes up for a vote in September. For now, Congress seems willing to support the rebels while objecting to the way they were kept alive in years past.

HARRY ANDERSON with ELEANOR CLIFT, ROBERT PARRY and DAVID NEWELL in Washington

ist agrarian policies. They have been hurt badly by the failing economy—something most blame on the Sandinistas, not on the war. But the contras seem unable to exploit this. While still on patrol with them, we arrived one day at the hut of a campesino the contras called Obediente. Here was a disaffected peasant if ever there was one. On his tiny farm, Obediente produces just enough foodstuff to eat, plus coffee to sell. But, he said, the 1,400 pounds he picked this year will fetch only about \$70 at government-fixed prices in the state markets—the only place he is allowed to sell. "I blame the state," he said. "Before [the revolution], we were poor, but we had enough." His whole family, from two-year-old Maria up, is afflicted by mountain leprosy, but it is two or three days' walk to a clinic. Schools and markets are just as far.

Standing orders: Consider what our group of contras did, then, to cement Obediente's loyalty. We ate his chickens, beans, tortillas, bananas, plantains, cassava, grapefruits and agreed with him that it was a pity other contras had already eaten the eligible pigs. We slept in his yard, despite standing orders to camp away from homes lest civilians are killed in an attack. We sent him out to scout the hills for Sandinistas at night, and before dawn we walked him out on the point. His wife watched gravely; an eloquent glance passed between them, but neither said anything. Small wonder that, taken aside, neither he nor his wife would speak against the Sandinista troops who come through. The compas speak softly, they said; they ask a lot of questions, and give political talks, but normally ask only for coffee.

The next day Obediente guided us as far as the home of another peasant, two mountains away. This was El Conejo, a 60-year-old whose contra-issued pseudonym means "the Rabbit." His whole family was paralyzed by our arrival, except one terrified woman who ground cornmeal for us so assiduously that she ignored her baby crying for attention. A contra officer named Mercenario, the head of our advance guard, asked the old man to take over as guide. Diffidently, he replied that he already had three sons in the FDN. Mercenario wasn't impressed. Then El Conejo mentioned the arthritis in his knee that has been making him limp. No matter. For the rest of the day, the Rabbit had to hobble along in front of us on the punishing mountain trails: "A volunteer," as the contras' "human-rights delegate," Ocho Cilindros, put it, "in the service of liberty and democracy."

At least one of the contras we met was no volunteer. He was a 14-year-old boy from the ranks of another group of contras encountered along our route; he gave himself the name "Lonesome." He was dressed in new U.S. fatigues, too baggy for his narrow shoulders, and the GI jungle boots on



Made in America: Airdrop to rebels

his feet were so big they looked like clown shoes. It was mealtime, but Lonesome sat apart from the others in a funk. He said he had been picking coffee for a neighbor three months ago in Matagalpa Province when a column of contras came through and abducted him. Later, *Newsweek* interviewed his family; they confirmed that their son had been kidnapped with 20 other campesinos, some of whom managed to escape. "All the trees in my backyard have died since he was taken away," his mother said, in tears. "Where is he?" Lonesome was their pride, the only one in the family who had learned to read and write. His family had been given

Guerrilla high tech: Contra cipherting



a plot of land by the Sandinistas after their victory. "How could they want to destroy the revolution," she wondered, "when it has helped us and so many other people?"

We picked ourselves up from that muddy pasture at 4:30 a.m. and followed the contras to a safer hiding place, burrowing into the undergrowth high on a hill. The San José road was still a long day's march away. All the giggle was gone out of both men and girls by then, and the heat soon frayed tempers. Nagarote and Ocho Cilindros quarreled bitterly over how to share the last jar of honey they had just found in a peasant's shack. We told Black Eagle we wanted to take our leave, and he consented readily. "Anyway, I have decided not to attack the road. The runners tell us the [Sandinistas] have reinforced it in great numbers. We'll find another target." Before I left, they all asked for gifts; Black Eagle wanted my canteen. I gave it to him with a smile, despite the thirsty march that lay ahead.

Of course, that made me about as much of a "collaborator" as most of the campesinos we'd met. In the battle for hearts and minds, the contras are still the losers. If they can't win that battle, they can hardly hope to win the war, especially against a more capable and powerful foe. A guerrilla war is a political struggle more than a military one. The Sandinistas, who came down from the mountains themselves, understand that. The contras, it seems, do not.

With help from local campesinos, we found our way to the village of Los Cedros, and late at night sought out the house of Don Fernando. We heard he had a car we might use to get out of this zone, normally closed to journalists by the Sandinista military. "Once, I had a car," he admitted, eying the mud on our jeans, the sweat stains on our shirts. Then came the revolution, the war, the wrecked economy. "One by one I sold everything. The last to go was my car." We expected Don Fernando, a relatively big landholder, to be anti-Sandinista, but he never told us his own politics. "Mister, the war is not good for anyone. Look around, there are no young men. The Sandinistas draft them; the contras kidnap them. Both sides have killed innocent people. Maybe you could say half support each side, but there are many who are very strong for the Sandinistas, very strong: people who never had anything before the revolution."

As we walked off in the half-light before dawn, Don Fernando came after us. "One last question," he called. "Will the United States really invade Nicaragua?" Most of the contras we met had fervently hoped so, most Sandinistas fervently believed so. I said I doubted it. "Mister, if the war just drags on like this, soon it will degenerate into banditry." Mister, it already has.

Of Secrets and Scandals

Questions about Israel's security agencies

There is the Pollard affair. There was the cover-up of interrogators who killed two Palestinian terrorists after a bus hijacking in 1984. Now another scandal haunts Israel's secret services. Early this week the Supreme Court in Jerusalem is scheduled to hear an appeal by Izat Nafsu, a former Israeli Army lieutenant who claims that the Shin Bet—Israel's domestic security agency—forced him to make a false confession for which he was sentenced to 18 years in prison. Fearing the case could lead to a probe of its methods of operation, the Shin Bet recently asked for a law that would, in effect, allow the agency to question suspects in any way it sees fit. Mordechai Virshubski, a civil-rights advocate in the Knesset, was appalled. "We must never allow such a dangerous precedent," he told fellow members of the Parliamentary Law Committee. "One day, any one of us could become its victim."

It used to be that Israelis knew little—and cared less—how the Shin Bet went about its business. Along with the Mossad—Israel's legendary counterespionage agency—the Shin Bet was seen as fighting a tireless war against Arab terrorists and other enemies of the Jewish state. Now Israelis appear to have lost some of their old faith in the country's secret agencies. Many of them were angered by the Shin Bet's attempted cover-up in the bus-hijacking incident. They saw the case of Jonathan Jay Pollard, the U.S. intelligence analyst who was recruited to sell secrets to Israel, as a blunder that strained relations with Israel's closest ally. Yet with each new scandal, Israel's leaders seemed to have but one objective: to keep the whole truth from coming out.

Looking out: Like the scandals that have preceded it, the Nafsu case leaked out through military censorship in bits and pieces. Nafsu, 32, is a Circassian Muslim but, as a non-Arab, was eligible to serve in the Israeli Army. In 1980, largely on the strength of evidence provided by the Shin Bet, a secret tribunal convicted him of treason, espionage and smuggling weapons to Palestinians in the occupied territories. The case remained an official secret until last year, when Israeli law was changed to allow a Supreme Court review of security trials. Nafsu immediately filed an appeal. He claimed Shin Bet agents extracted a confession from him by torture—then swore in court that they had used no illegal methods to question him.

The Shin Bet responded with a frantic attempt at damage control. First, the agency proposed that Nafsu be granted a presi-

dential pardon—which would have made a review of his case unnecessary. Then Shin Bet officials threatened a strike by the entire agency. In calls to Israeli newspapers, they also warned that if Nafsu's charges were aired in court, an investigation of everything that the Shin Bet had done in the past 20 years would follow. The implied admission of irregularities disturbed Justice Ministry officials. "The Shin Bet," said one of them, "is on a suicide course."

Extreme methods: What may have alarmed the Shin Bet was the possibility that the Supreme Court would reject Nafsu's six-year-old confession—thereby placing in question the verdicts of thousands of other suspects convicted on the strength of Shin Bet depositions. For years, West Bank and Gaza Strip Palestinians have accused Shin Bet agents of extracting confessions by extreme methods—including beatings, humiliation and sleep deprivation. Israeli officials consistently denied the accusations. Recently, however, Zeev Schiff, Israel's most respected commentator on military and security affairs, raised troubling questions about those denials. Since the early 1970's, he



SHLOMO ARAD FOR NEWSWEEK

A call for a full-scale inquiry: Harel



Accusing the Shin Bet: Nafsu as an Army lieutenant

revealed in an article in the daily Haaretz, Israeli courts have accepted sworn assurances by Shin Bet agents that their handling of Arab suspects did not exceed legal bounds. The system of "lie by consent," Schiff wrote, was tolerated because of the Shin Bet's high prestige and because many Israelis regarded it as "an inevitable by-product of the war against terrorism."

When the Pollard affair dominated the headlines, Isser Harel—founder of the Shin Bet and former head of the Mossad—called for a full-scale official inquiry of the espionage blunder. At the time, the response from Israeli political leaders was mostly a deafening silence. That attitude may now be changing. Former foreign minister Abba Eban will soon release the findings of a parliamentary committee's investigation of the Pollard case. In one recent poll almost 71 percent of Israelis said they wanted some such probe—while 28 percent said they wanted full disclosure of the facts in the case. According to Ehud Olmert, a Likud member of Eban's committee, the Nafsu affair may put the Shin Bet in the frying pan next. However reluctant Israel's government leaders may be to call the country's security agencies to order, there is a growing feeling among the Israeli public that Big Brother needs watching.

ANGUS DEMING with
MILAN J. KUBIC in Jerusalem

The Once and Future King?

A role for Zahir Shah

Can an aging former monarch rescue the world's top communist from a bind? Mikhail Gorbachev may think so. In an intriguing interview last week with the Italian Communist Party newspaper *L'Unità*, Gorbachev hinted that he might remove his troops from Afghanistan as part of a deal in which the Afghans form a coalition government of "most diverse political forces." He would not even balk if his Afghan communist clients "seek partners... among emigrants and perhaps in your own country, Italy," Gorbachev told his Italian interviewer. That put the spotlight on a 72-year-old Afghan living quietly in Rome: King Mohammed Zahir Shah.

If the ex-king seems an unlikely instrument to help end the Afghan civil war, he might not be. Deposed in 1973 by his leftist brother-in-law (who was in turn ousted by the communists), Zahir Shah ruled 40 years; he acknowledged the Soviet Union as the region's dominant power. Gorbachev wants out of the Afghan fighting, which has cost some 30,000 Soviet lives and billions of rubles. The *L'Unità* signal was only Moscow's latest: the Soviet ambassador to Belgium recently suggested that Moscow would accept an 11-month deadline for withdrawing Russian troops, provided an acceptable Kabul regime were left behind. Pakistani sources say that this spring a representative of Afghan communist leader Najib and a Soviet deputy foreign minister have called on the former king. For his part, Zahir Shah has said he would be willing to return to Kabul—but only under the right conditions. In Rome last week, royal aide Abdul Wali declared that "a political solution has to be reached, and then we can move from there."

Pakistan, too, looks toward Zahir Shah. With 3.2 million Afghan refugees camped on its soil and the Afghan Air Force conducting cross-border raids on rebel staging areas, the Pakistanis are increasingly desperate for an end to the Afghan civil war. In talks with Soviet Foreign Minister Eduard Shevardnadze earlier this year, Pakistan's Sahabzada Yaqub Khan proposed that the former monarch head an interim Afghan government pending elections open to both the communists and the anti-communist mujahedin guerrillas. At the time, the Soviets insisted on a government in which the real power would be held by Najib, who opposed any political role for Zahir Shah. During a visit to Kabul last autumn, a

NEWSWEEK reporter touring Zahir Shah's former palace was shown a large photo exhibit allegedly documenting how he had brutally mistreated his subjects. According to Afghan government spokesmen, Zahir Shah would never be allowed to return to the country.

Prickly rebels: It would take no more than a murmur from Moscow to alter Najib's attitude. The mujahedin may be more prickly. Afghanistan watchers in Washington say key guerrilla leaders in Pakistan are almost evenly divided for and against Zahir Shah. The so-called "fundamentalist" mujahedin want the leader of a postwar government to be chosen from guerrilla ranks. Rival "nationalist" mujahedin are willing to invite Zahir Shah into a coalition, on terms not yet clear.



Eligible for a draft: The former monarch

A more critical problem is the role Gorbachev has in mind for the Afghan communists. The mujahedin will not join any regime dominated by Najib and his cohorts. But in his interview last week Gorbachev gave no sign that he was ready to withdraw his troops from Afghanistan and permit a coalition in which the Afghan communists would deal as mere equals of their partners. U.S. officials saw nothing to indicate that Gorbachev meant to give up pulling the strings in Kabul through his puppet Najib. Pakistan, meantime, was playing safe. Even while studying Gorbachev's remarks, Foreign Minister Yaqub Khan was lobbying in Washington for advanced U.S. radar aircraft to defend Pakistan against Afghan attacks.

FAY WILLEY with STEVEN STRASSER in Moscow. THEODORE STANGER in Rome and JANE WHITMORE in Washington

Opening Salvos

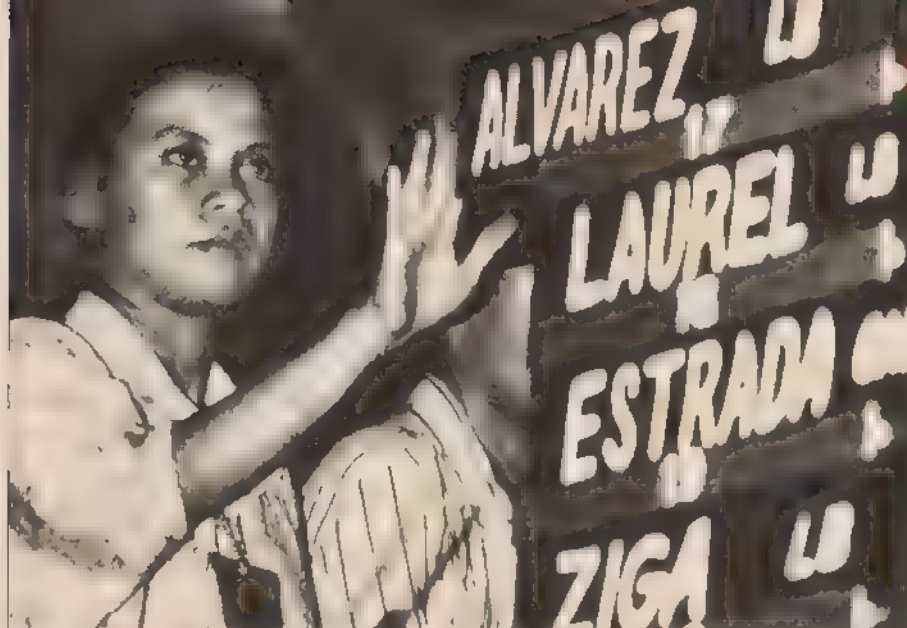
Terror in Johannesburg

The explosions shook half of downtown Johannesburg last week, shredding any illusions that terrorism in South Africa is on the wane. Just after noon on Wednesday a limpet mine blew the hood off a car parked outside the crowded city magistrate's court, spreading panic through the building. Barely a minute later police and others who rushed into the street were engulfed by a far more powerful blast as a huge bomb exploded in a second car parked nearby, apparently detonated with a radio transmitter that investigators later found near the scene. Three policemen were killed and a dozen other bystanders were badly injured.

The attack occurred on the opening day of debate in the country's newly elected white Parliament. It was also the anniversary of the worst terrorist bombing in South African history, a 1983 explosion in Pretoria that killed 19 people and injured more than 200 others. Unlike similar attacks in the past, the coldly professional, one-two punch of last week's bombing seemed to indicate that the police had been deliberately targeted. Minister of Law and Order Adriaan Vlok called the bombing "an unscrupulous deed, where members of the public, irrespective of race, sex or age, became victims of the cowardice of the [African National Congress]." But ANC spokesmen in Lusaka denied any involvement in the attack.

Angry denunciations from all the country's mainstream white political parties cast only a momentary pall over the new Parliament in Cape Town, where the far-right Conservative Party (CP) made its debut as the country's official opposition. Buoyed by his party's strong showing in May's general election, CP leader Andries Treurnicht attacked proposals for sharing power with the country's blacks—and called for a "free white nation" built on even more rigid racial separation. "We will never be satisfied with anything less," he said. President P. W. Botha seemed untroubled by that challenge. In his own address Botha promised to become "more directly involved" in efforts to negotiate a power-sharing deal with black leaders. But he also vowed to step up measures against "revolutionary elements" and "foreign interference." With security officials suggesting last week that the explosives used in the Johannesburg bombings may have come from neighboring Botswana, there was good reason to expect another cross-border retaliation from Botha and the military.

SPENCER REISS in Johannesburg



A lopsided victory for the government: Posting the names of winners in the Senate race

Aquino's Opponents Cry Foul

Charges of fraud in the Philippine elections

Did Corazon Aquino steal the election? The charges flew thick and fast last week, even as returns in the vote for a new Philippine congress showed "Cory's candidates" winning by an ever-mounting landslide. Aquino's opponents protested the results of four out of every five of the 200 contests for House of Representatives. They asked the Supreme Court to rule that the government tried to rig the Senate race so that Aquino's people would capture all 24 seats in the upper house. While the opposition demanded a recount—or even a fresh election—Aquino herself conceded there might have been some campaign mischief. Although the balloting was conducted freely, she told a group of Filipino businessmen, "I cannot say that the elections were . . . without isolated cases of cheating."

To a certain extent, instances of fraud or intimidation in the May 11 elections may have been just what Aquino called them—*isolated*. The opposition has failed so far to muster solid proof of massive vote rigging, even though Aquino candidates could end up with a lopsided 23 of the 24 seats in the Senate. There was also comparatively little of the violence that had always scarred elections under Ferdinand Marcos. Still, the controversy may already have removed a bit more luster from Aquino's presidency—as well as from her own image as the champion of Philippine democracy. Since government officials did not deny that there had been some dishonesty in the elections, the question became: what did Aquino know and when did she know it? "No one believes she ordered any cheat-

ing," said a Western diplomat in Manila. "But she wouldn't fall over in a faint if she heard about it later."

Just how much vote buying and ballot-box stuffing did take place may never be known. There were widespread reports of bribery with "sandwiches"—a 100 peso note concealed between two "sample ballots." There were also sporadic instances of violence. In Aquino's home district in Tarlac Province, two opposition campaign workers were killed and four wounded by automatic-weapons fire only a few miles from the polling station where the president voted. Local military spokesmen said the workers were shot in a gunfight.



'Isolated cases of cheating': The president

But a survivor, Arsenio Ganaban, told *Newsweek* that he and his comrades had been unarmed and that they had been shot while distributing campaign materials for an opponent of Jose Yap, one of Aquino's handpicked candidates for the House.

Most of the irregularities, Aquino strategists maintained, occurred at the grass-roots level in the contest for the House. But such cheating would also inevitably affect the Senate race, where admissions of even marginal fraud could prove damaging. So far, Joseph Estrada—a Marcos loyalist and popular Philippine movie star—is the only opposition candidate to have won enough votes to be sure of a seat in the Senate when the new Philippine Congress convenes in July. The most conspicuous potential loser was Juan Ponce Enrile, Aquino's former defense minister and her most influential political adversary. With returns still incomplete, Enrile trailed in 25th place—slightly behind Maminta Tamano, a candidate chosen by Aquino to represent Filipino Muslims. "Enrile may get more than 9 million votes, finish No. 1 in the military count and still seem to have been denied a Senate seat because of 'cheating' by Aquino candidates," an Aquino aide fretted.

Controlling relatives: Though an Enrile setback might not lead to renewed plotting, the election controversy raised questions about Aquino's ability to control key people around her—including her own relatives. Her younger brother Jose (Peping) Cojuangco Jr.—one of her closest advisers—easily won a congressional seat in Tarlac Province. But he and the two other Aquino candidates there were accused of fattening their victories with vote buying and rigged counts, charges they deny. In addition, the vote-counting commission suspended the victory proclamation of a sister-in-law, Teresa Aquino Oreta, because of alleged evidence of ballot-box tampering in the congressional district where she ran.

The question of Aquino's command over what critics call a new Marcos-style "oligarchy" may eclipse the election-fraud issue in coming weeks. Administration officials believe that Cojuangco, who heads the dominant PDP-Laban party in Aquino's coalition, may seek control of the lower house by electing an ally as speaker. The possible candidates include Aquino's uncle—a political warhorse named Francisco Sumulong—as well as Jose Yap, whose son was also a winning Aquino candidate in the lower-house race. Whether or not Aquino is fully aware of such machinations, they seem improbably Machiavellian for the shy housewife who led the People Power crusade against Marcos 15 months ago. In the hard reality of Philippine politics, however, almost anything is possible—not least a little cheating at the polls.

ANGUS DEMING with RICHARD VOKEY in Manila



A rising star at age 80: Hobnobbing in Washington with Weinberger

FROM L. ELAY AFP

Mr. Yang Goes to Washington

A 'new' figure emerges on China's political scene

One of China's rising political stars visited Washington last week in the person of Yang Shangkun, 80. The vice chairman of China's Central Military Affairs Commission met with Ronald Reagan, Vice President George Bush, Defense Secretary Caspar Weinberger and Secretary of State George Shultz, who toasted him as "a renowned military leader and statesman." After consulting with Defense Secretary Caspar Weinberger and other officials at the Pentagon, Yang set off on a

quick tour of New York, Los Angeles and even Omaha, Neb., where he was scheduled to tour the top-secret headquarters of the Strategic Air Command. The visit didn't get much play in the U.S. press, but it certainly did back home in China. In recent months Yang has been the focus of speculation and rumor in Beijing. By all signs, he is in line for a top party post—perhaps even as a successor to China's pre-eminent leader, 82-year-old Deng Xiaoping.

Age has rarely been a barrier to power in

China, but even so Yang's sudden emergence is striking. The explanation rests in the struggle between China's reformers, led by Deng, and conservatives opposed to many of his economic and political programs. Yang, it is generally believed, appeals to both camps. His ties to Deng go back more than 50 years. Both attended the historic 1935 Zunyi conference, where Mao Zedong wrested control of the revolution from a Soviet-backed faction. Since then the two Sichuanese natives alternately prospered and suffered under China's often convulsive rule. Yang was imprisoned during Mao's Cultural Revolution; later he helped oversee some of Deng's early reforms in Guangdong Province, bordering Hong Kong. Yang has lately been a staunch supporter of military reforms and modernizations, and of strong ties to the West. Says one European diplomat: "Yang is a Dengist first and everything else second."

'The ultimate compromise': China's conservatives are perhaps equally supportive. Though an economic pragmatist, Yang—like Deng—is thought to hold to tradition when it comes to communist ideology and the party's rightful control over society. Since the abrupt ouster in January of Hu Yaobang as head of the Communist Party, Yang has spoken out for intensified ideological training in the military—an appealing notion for conservatives. He is, then, what one Beijing-based diplomat calls "the ultimate compromise candidate" for a top party post. The danger is that such a compromise may only prolong China's quandary over whether it should follow the path of reform—or that of retrenchment.

WILLIAM BURGER with DORINDA ELLIOTT in Beijing and ROBERT B. CULLEN in Washington

An On-Again, Off-Again Coup

Who's running Fiji? That was the virtually unanswerable question in the South Pacific nation last week in the volatile and violent aftermath of this month's coup. For a brief but hopeful moment it appeared that democracy might be saved. On Tuesday, just five days after charging into Parliament and imprisoning the island's government, Lt. Col. Sitiveni Rabuka freed Prime Minister Timoci Bavadra and his cabinet, and agreed to restore the nation's democracy by holding new elections. All Rabuka asked in return was a pardon for himself and his rebellious

troops. But the deal soured the minute Bavadra was released and vowed to try Rabuka for treason. When Rabuka responded by trying to revive his coup, it became patently clear that Fiji had lost all semblance of order and government.

Late in the week the country's Great Council of Chiefs, a conclave of prominent native Fijians, stepped in to fill the vacuum. There was never any doubt that the council would oppose Bavadra. The prime minister, though a native Fijian, was elected last month as the head of a government dominated by the country's

ethnic Indians, who slightly outnumber the ethnic Fijians but who had until then been virtually shut out of government. True to form the chiefs created a 19-member council of ministers, with Rabuka as its head, to run Fiji until elections are scheduled in about six months. The chiefs also set up a committee to rewrite the Constitution to keep political power in Fijian hands, effectively turning Indians into second-class citizens.

Ethnic tensions also carried into the streets for the first time. Small-scale rioting broke out after hundreds of club-wielding Fijians attacked a group of Indians who had gathered to greet Bava-

dra after his release. When police finally quelled the fury, more than 50 people—most of them Indians—had been injured. By the weekend Fiji's Indians had all but disappeared from view, bringing the nation's economy to a virtual halt. Tourism, too, began to suffer as flights were canceled and travelers advised by their governments to stay away. More ominously, Australian and New Zealand naval ships waited offshore in case they needed to evacuate their citizens. That was hardly the postcard view that Fiji wanted to show off to the rest of the world.

WILLIAM BURGER with CARL ROBINSON in Sydney



The tennis star as matinee idol: Becker signing autographs in Baden Baden, at the Sportsman of the Year awards dinner

Boris Becker Inc.

Tennis has become big business—and its star player shows just how big

The weather is perfect, sunny and warm, the setting spectacular: center court during April's Monte Carlo Open. Boris Becker has never won a clay-court tournament, but he is the top seed by virtue of his ranking as the second best tennis player in the world after Czechoslovakia's Ivan Lendl, who has not entered. The crowd eagerly anticipates the 19-year-old German's victory as he emerges for his first match. So does the tournament's host, the Monte Carlo Country Club: its pro shop features two life-size Becker cardboard figures advertising Puma racquets, clothes and shoes—all enthusiastically endorsed by the star.

Becker, though, runs into trouble almost immediately. Jimmy Arias, a scrappy American who once reached the number five spot in the rankings but now has slipped to number 53, scrambles for every return. Becker is clearly not at his best; he repeatedly sends balls sailing past the base line and misses volleys he normally dispatches for winners. He scolds himself between points, bounces his racquet, angrily disputes a ruling that a first serve is out—and then doublefaults. At match point against him, Becker lunges for a ball at the net, falls and leaves Arias with the whole

court open for an easy passing shot. The final score: 6-3, 6-3.

Disbelieving, the stunned crowd thins out before the next match. Tournament officials shake their heads in obvious disappointment that their biggest draw has just been beaten. Becker himself is philosophic. "I'm not really worried," he says. "It's going to happen all my life that I lose a few tournaments in the first round." Besides, there are consolations. His Romanian manager, Ion Tiriac, announces that he will return for an exhibition match sponsored by the Cigna insurance company—netting Becker \$325,000, more than four times what he would have taken home had he won the Monte Carlo tournament. The club's pro-shop manager, Constant Allevano, also doesn't think Becker's loss will hurt business. "That changes nothing," he shrugs. "Becker is Becker."

Becker is not just Becker. He is Boris Becker Inc.—one of the most formidable moneymaking machines in sports history. Few other athletes in the world rake in the cash like this reddish-blond, freckled teenager who burst into tennis superstar-

dom in 1985 by becoming the youngest player to ever win Wimbledon. The West German weekly Stern recently put Becker's 1986 earnings at more than \$10 million. His phenomenal off-court success is a tribute to his skills as a player, his personal popularity and a business operation built by manager Ion Tiriac that has carried the commercialization of tennis to unparalleled heights. "Everyone wants a piece of Boris," says Tiriac, simultaneously boasting and complaining about the burdens of running what amounts to a major corporation.

The success of the Becker-Tiriac team illustrates how far tennis has come since its amateur days nearly two decades ago. "Tennis is an advertiser's dream," says Michael Mewshaw, the author of two books on tennis, "Short Circuit," a behind-the-scenes look at the game as a business, and "Blackballed," a novel. "The appeal of the game is to an exclusive audience of people who have enormous amounts of disposable income. Instead of pickup trucks and beer, you can sell luxury cars, designer clothing and tennis equipment that cost astronomical sums." The dawning of that realization has not only dramatically



COURTESY COCA-COLA COMPANY

Capitalist success: Plugging Coke

changed the endorsement business, with companies investing sums that would have been unthinkable just a few years ago, but transformed the sport itself. And with the stakes escalating daily, it is no accident that the stars ignite earlier and burn out sooner.

Enter Boris Becker, the personification of the new era. As he prepares for this week's French Open and his bid to win his third straight Wimbledon title in July, it

is hard to recall that three years ago he was an ungainly adolescent of uncertain potential. The big agencies that snap up young stars, the International Management Group and ProServ Inc. (box), were aware of Becker's presence on the junior circuit but did not move fast enough. Instead, Gunther Bosch, who had been coaching Becker, urged Tiriac to take a look at the youngster. A Romanian who had resettled in West Germany, Bosch knew Tiriac because they had grown up in the same town. Tiriac, who had already managed winners such as France's Henri Leconte and Argentina's Guillermo Vilas, was impressed. "I obviously saw the rough diamond most people couldn't see," says Heather MacLachlan, Tiriac's constant companion and head of his New York management group, T-V Enterprises.

And what a diamond it was. The near-hysterical adulation that greeted Becker after his first triumph at Wimbledon is now giving way to the first signs of a fan backlash, partly the result of his recently erratic play, partly as a reaction against his transformation from an unpretentious young comer to a superrich man of the world. Still, Becker until lately could do no wrong. In West Germany he became an immediate folk hero, scoring higher on recognition polls than any political leader or pop star. He was besieged by fans; teenage girls told the tabloids of their wish to have his baby. Above all, there was nonstop media coverage of his acrobatic performances on the court—and of everything he did off court, as well.

Even Tiriac was surprised at the speed of Becker's rise, and he was quick to parlay it

into an impressive financial empire. The elements of his strategy were simple. For starters, the Romanian recognized that Becker's nationality was a key asset. The German tennis market is enormous and, until Becker arrived, it was starved for a star. What's more, Becker had little charismatic competition elsewhere. The acerbic John McEnroe was even then showing signs of fading; Jimmy Connors was aging and the ever-popular Bjorn Borg was gone from the scene. Tennis was ripe for a bright new face and Boris Becker had it, along with no small talent and loads of boyish charm. Even now he has few rivals for the camera. Ivan Lendl may be the top player in the world, but he earns far less than Becker. Coming from a communist country, Lendl has no "home" consumer market of the sort that Becker enjoys. And his prickly (some say sour) personality makes his endorsements somewhat less welcome with advertisers.

Lucrative sideline: Where does Becker's money come from? Tiriac claims that Stern's \$10 million estimate of his star's 1986 earnings is "very far from reality." But he won't say whether that estimate is too high or too low. What is certain is that Becker's \$1,434,324 in winnings last year comprises only a fraction of the total. "I've worked with a lot of players, but I've never seen someone like Becker," says Bill Dennis, who organizes Becker's hugely profitable exhibition matches. "I can't see anyone comparing in numbers to what we've done with him." No potential source of revenue is overlooked, it seems. Tiriac has even turned the media's interest in Becker into a lucrative sideline: both he and



GRANVEAUD-COLLECTIF 4 B PICTURES

Catch that logol! Steffi lunges for Opel, Jimmy backs a broker, Ivan likes Avis



COURTESY PROSERV



FOCUS ON SPORTS

Becker periodically contribute columns and commentaries—at hefty fees—to West German and other publications.

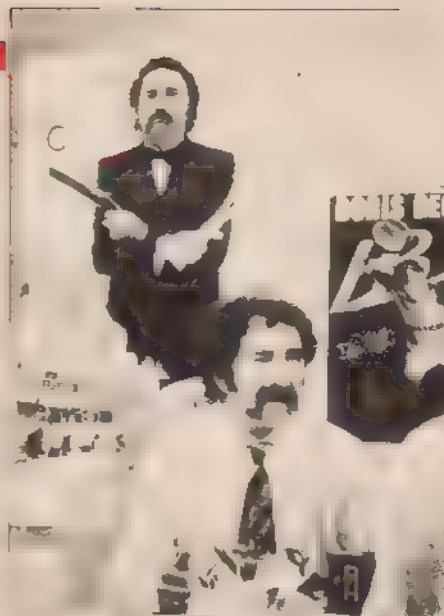
The biggest money comes from endorsements. When Tiriac teamed up with Becker in 1984, he went to Adidas, the West German sports-equipment giant that had been providing Becker with free gear, to ask for \$100,000 in expenses to help launch his client's career. The company turned him down. Tiriac then turned to rival Puma instead, whose chairman, Armin Dassler, took the plunge and has been an enthusiastic Becker booster ever since. The move was clearly good for business. In 1984, before Becker signed on, Puma sold 15,000 tennis racquets; the next year it sold 70,000 and, in 1986, 300,000. Puma officials speak of the Becker "tennis boom" generating about \$50 million in sales each year.

International impact: Becker's selling power has been just as potent for Ellesse, the Italian clothing firm that had the good sense not to turn Tiriac down when he asked for \$20,000 in expense money three years ago. After Becker's 1985 win at Wimbledon, Ellesse sales shot up by 20 percent, or about \$3 million, in West Germany alone. "It's impossible to get the international impact Becker gave us," says Ellesse's chief spokesman, Gabriele Brustenghi. "We got over 100 magazine covers; every week he's on television. That's impossible to buy." Tiriac doesn't dispute the claim; he says Becker appears

on television "more often than any human being ever."

Well, maybe. But with those kinds of results, the fees that Becker commands have risen rapidly. Last year, with its contract about to expire, Ellesse paid the star about \$450,000. The company was eager to keep the relationship going, but Puma wanted Becker to endorse not just racquets and shoes but its sport clothes as well. Adidas, too, entered the bidding. Each kept outdoing the other, and the money involved mounted dizzyingly. Ellesse's final offer was \$20 million for a six-year contract. Puma won out with a contract worth, by Brustenghi's estimate, \$27.5 million. It's not clear how Puma's revenues have fared as a result of its victory, but Ellesse executives say the firm's West German sales fell by a fifth this spring, the same amount they had risen when Becker was endorsing their products.

Some companies are opting out of the Becker bidding wars. The West German electronics firm BASF, which used Becker to advertise video and audio cassettes, did not renew its contract after 1985. "For what we got, he was too expensive," says spokesman Horst Doenicke. Opel, the West German automaker, has gone with the young West German female star Steffi Graf, 17, whose expected income this year is only \$4 million. Complains one company executive: "The boy thinks only in seven-digit figures."



'Count Dracula': The Tiriac touch

Still, these are the exceptions. For every defection, there's another company ready to sign up for Becker's services. In addition to Puma, Tiriac has negotiated multi-million-dollar deals with Philips, Coca-Cola and Deutsche Bank. Though Becker works on commission—taking a set cut of a product's sales—for such firms as Vollmer, a West German manufacturer of tennis strings, Tiriac's strategy is increasingly to demand a flat fee. "The moment you are marketing the most interesting player in

No. 2, Shooting for No. 1

During a break between tournaments, Boris Becker recently talked with NEWSWEEK's Andrew Nagorski in Monte Carlo. Excerpts:

NAGORSKI: At this point, what is the primary motivation in your life—the thrill of winning, the money or something else?

BECKER: The money is not really what keeps me going. It's more that once you've reached the position of No. 2 in the world, you really want to go for No. 1. It's not that big a difference moneywise to be No. 1 or No. 2. In almost every profession, it's the same: if you are almost at the top, you want to go to the top. You have the feeling that you really didn't take all your chances in life otherwise.

But as your manager, Ion Tiriac,

says, you are playing for very high stakes now. Does the fact that a lot of companies have invested millions of dollars in you add to the on-court pressure?

That doesn't really make any difference. I was playing the same and diving on the court even when I was not getting much. Once I'm out on the court I don't really think about the money. If you do, you don't have a chance.

So the money hasn't taken any fun out of the game for you?

It makes it all a bit sweeter in the end: if you win more, you get some more. If you've won a good tournament, it's nice. Then you look a little further and you say, "I'm a bit richer again."

Do you know how much you earn?

I don't know exactly. It's

all relative. I'm rich for many people, but not so rich for many people.

Do you enjoy the commercial work you do?

You have so many responsibilities that it's not enough just to be No. 1 on the tennis court. You have to represent so much off court, represent your companies and yourself. That's sometimes hard because it's not actually the thing I do best. The thing I do best is play tennis. So I had to learn quite a lot.

Does the fact that your popularity seems to be slipping in Germany for the first time bother you?

It doesn't bother me. I started all this because I wanted to be the best. If people like me that's nice, but that is not why I'm doing this.

Why do you think your image has begun to change?

They thought I was too big. I was a wunderkind or a "held" [hero]. It wasn't normal. Either they make you a wunderkind or a devil; it's quite impossible to be something in between once you are so big.

Do Germans feel slighted by the fact that you decided to become a resident of Monte Carlo?

That's one point. They just cannot understand that I'm no longer the guy next door. I'm just a little bit more and it's hard for them to accept this. They think I belong to them. I am part of them but I don't belong to them. They can be my fans but they don't own me. I belong only to my parents. I was born German, I have a German passport and I play the Davis Cup [for Germany]. But I basically live for myself.

Is there a possibility that you



PAUL ZIMMER

Cruising with the greats: *Filming a commercial for Philips car stereos*

the world, what do you ask bonuses for?" he says. "Once a partner accepts that he is getting the best, he pays for the best." Along the way Becker has been asked to endorse products not specifically geared toward tennis, like Jimmy Connors, who frequently appears on television touting the financial services of Paine Webber. Tiriac is especially eager to line up two other major contracts: one for cars and another for personal computers. But he insists that "the philosophy of advertis-

ing" must be right and says he rejected an offer from a European automaker last year because he did not like its pitch. "The image of the product must go together with the player," he says. "I don't want Boris endorsing bed sheets."

At 48, Tiriac is a 30-year veteran of the tennis circuit. He was playing Davis Cup tournaments for Romania at the age of 20. A strong but never dazzling player, he later teamed up with his flamboyant countryman Ilie Nastase, producing a

powerful duo known for their rowdy, distinctly "ungentlemanly" tactics. "Count Dracula," as the mustached Tiriac was known, amused friends and foes alike with his fierce looks and his habit of eating glass. But he was also a savvy organizer who began managing Nastase's affairs as his own career was fading out. And he always had expensive tastes. "He didn't bite any kind of glass—only crystal," Nastase recalls. "He said it was easier to chew."

Shady dealings: In 1976 Tiriac began working for Guillermo Vilas, who rose to number four in the world. But in 1983 Vilas was found to be in violation of the players' Code of Conduct by the Pro Council, the governing body of men's tennis, for taking a "guarantee," an illegal payment merely to appear at a tournament. Vilas and Tiriac, who as his manager was suspected of having arranged the deal, appealed his one-year suspension and \$20,000 fine. The suspension eventually was lifted—but not the fine.

That case spotlighted the shadier side of tennis: the under-the-counter deals that are easy to arrange in a loosely regulated international sport. With bigger and bigger money chasing a handful of top players, the practice of offering guarantees was commonplace. How else could a medium-size tournament lure the best competitors? Tiriac still denies Vilas accepted any guarantee and believes he and

will do German military service?

Sooner or later I am going to decide if I'm going to go, but I'm going to make a statement by myself—not anybody else. It's funny because the normal people from Germany don't really want me to go. I don't think anyone wants to go to the Army for 12 months.

Do you feel there are still fundamental weaknesses in your game?

I don't really have any fundamental problems anymore except on clay. That's the surface where I have to work the hardest. I'm not the easiest guy moving about the court. I'm 6 foot 3 and 190 pounds. So it's easier for me to play on a faster surface. My game is better suited to anything but clay.

The lives of tennis stars like you are sometimes compared to those of rock stars, tremendously high-flying and spoiled.

There is a big difference. Rock stars don't have opponents. If they sing badly, the fans still clap. If we play badly, we are beaten. It's a very difficult sport. I think there aren't many sports where you have to prove yourself almost every single week during a season that lasts 12 months. And you never play the same shot twice in your life.

If you establish yourself as No. 1, having also done tremendously well commercially, will your motivation disappear?

Very firmly established means being there at least three years. But I don't know. I like to play tennis very much and I cannot really think that I'm going to burn out.

One of your heroes is Bjorn Borg, but he retired at the age of 26 for the easier life of exhibitions and endorsements. Is that the kind of scenario you envisage for yourself?



STEVEN SIMON

Boris speaks: *Tough-minded, often outspoken*

Oh no. If I stop at 28 or 29, then I don't want to just be the ex-Wimbledon champion. That is not my idea of living my life. I still want to compete in something, and if

I can't do it in tennis I've got to try something else. Maybe something in sports, or on a different level for companies. Or maybe in music or acting.



KARL SCHUMACHER

Empire builder: Dell serves up a galaxy of stars—and makes a bundle along the way

The Tennis Monopolies

On Tiriac got hold of Boris Becker when the two largest sports-management firms in the world overlooked his potential. That makes the young star something of a rarity in tennis: he is one of the few top players *not* to be represented by the pair of powerful mega-agencies. Jimmy Connors and Ivan Lendl have signed with ProServ Inc., the Washington, D.C., brainchild of former Davis Cup player Donald Dell. Mats Wilander, Martina Navratilova and Chris Evert are with Cleveland entrepreneur Mark McCormack's International Management Group (IMG). Nearly every player on the circuit has been wooed by the firms—and most have been won. This year, in fact, ProServ and IMG together represent 6 of the top 10 male players in the world, 12 of the top 20. Assume see it, they very nearly monopolize professional tennis.

If ProServ and IMG acted only as agents, that might raise no eyebrows. Like sports managers everywhere, they take a cut of a player's earnings in return for handling finances, taking care of public relations and lining up commercial endorsements. But in a sport that has grown into a billion-dollar industry, IMG and ProServ do far more than merely manage their players. They also organize tournaments, sell tickets, control TV rights, line up corporate sponsors and schedule the players. And they possess a truly global reach. ProServ has arranged an unprecedented deal—expected to be announced at the French Open this week—for the Soviet tennis team to wear Nike clothing and shoes, thus opening the Soviet market to Nike apparel. IMG,

meanwhile, holds some kind of financial interest in 10 tournaments on the Grand Prix circuit, including Wimbledon and the Australian Open. Says John Korff, a New Jersey tennis promoter who has trouble competing with the giants: "Not only are they working both sides of the street, they own the company that paves the road and they probably are the guys who issue the permits."

Illegal web: Concerned about potential conflicts of interest—and apparently eager to shore up its own control of the game—the Men's International Professional Tennis Council two years ago proposed that the agencies pull out of the tournament business. ProServ, IMG and Volvo, a former Grand Prix sponsor running its own tennis matches with Pro-



LARRY BARNES

Selling his business sense: McCormack

Serv, filed suit against the Pro Council, charging that the council was itself trying to monopolize men's tennis. The governing body countersued, alleging that IMG and ProServ were "holding the game hostage and seeking to strangle it in an illegal web of pervasive conflicts, intimidation, fraud and corruption."

As the Pro Council sees it, IMG and ProServ use their ability to deliver the world's top players to gain control over a tournament. If the tournament directors refuse to give the agency a slice of the financial action, the council charges, they can forget about attracting any top-ranked players represented by the firms. And no big-name players, no big-time ticket sales. "They have tremendous economic power," says Marshall Happer III, head of the council. "IMG never has to say what the consequences are of not doing business with them. They never even have to *think* about saying it."

Those charges, says IMG founder McCormack, are "totally, completely, thoroughly inaccurate." Bob Kain, an IMG vice president, insists the firm has only limited influence over the players' schedules. "If we pressured them to play our events all the time, they'd quit us as clients," he says. Agrees Dell: "You think somebody can control Ivan Lendl? [Athletes] may listen to their wife or their father, but for anyone to say they are controlled by their manager is ludicrous." Still, there's no denying the persuasive power of the association. "To say you *never* encourage [a client] to play [your event] would be silly," concedes Kain. IMG and ProServ also arrange lucrative "exhibition" matches for their star players, giving the top pros a chance to make as much as \$50,000 a night—win or lose.

The proliferation of these exhibitions is causing serious problems, says the Pro Council. Many conflict with events on the Grand Prix tour, and players who would rather haul in a big paycheck than risk their rankings in a tournament are increasingly opting off the regular tour. That won't hurt the French Open or Wimbledon, but it could leave smaller tournaments without any ticket-selling stars—which in time will dim the Grand Prix's luster and hurt the players themselves. As players, managers and fans await the outcome of the Pro Council's suit (the case is expected to be heard late this year), the debate will go on about how best to protect the game. No one wants a return to the days of country-club amateurism. The question, rather, is how to keep tennis from falling victim to its own success.

NANCY COOPER with BILL TURQUE in Detroit and MARK MILLER in Washington

his client were singled out unfairly. Vilas was the only player penalized. What's more, he says, though tournament organizers now avoid anything that can be branded as an outright appearance payment, they nonetheless continue to reward players for merely showing up by hiring them to "promote" the tournament by giving interviews or holding brief tennis "clinics." "If someone wants to cheat," concedes William Babcock of the Pro Council, "they're limited only by their imagination."

Embarrassing as the episode may have been, it clearly didn't wreck Tiriak's career. The turnabout in his fortunes was nowhere more evident than at a dinner he hosted during the recent Monte Carlo Open. The purpose of the black-tie, black-caviar affair: to launch Tiriak's own line of Puma racquets and shoes, labeled "A Touch of Class." The items were pricey, to say the least: a "Tiriak" racquet will retail for \$363, the shoes for \$84. And befitting the money-fed glitter of today's tennis scene, the dinner was well stocked with celebrities. Becker, Vilas, Leconte, Nastase and most of Puma's top brass all gathered to help Tiriak flog his merchandise to an audience of West German sportswriters and merchandisers.

Greedy guys: The emergence of tennis as a business has had its repercussions on the game itself. For one, it has changed the nature of play. As Becker does, today's players look to hit immediate, explosive winners, increasing the level of excitement. But the proliferation of tournaments and exhibition matches has encouraged players to jet around the world, entering almost every competition—and making all the money—they can. "They don't have the time to relax or to practice," says Hans-Jürgen Pohmann, a TV sports commentator who was a top German player in the 1970s. A coach for one of the top 10 players complains that he cannot get his man to set time aside for work on some basic strokes that could improve his performance. "I can't stop him from rushing off to exhibitions," he says. "Players are too greedy now."

Tiriak insists he is aware of these dangers with Becker. "If you become pushy or greedy, you screw things up," he says. His current plan is to schedule only about eight exhibitions a year. With his enor-

mous price tag, Becker should still make more money than other stars who appear three times as often. And Tiriak's strategy of lining up lucrative, long-term "associations" with a relatively small number of companies, rather than seeking a large number of scattershot endorsements, helps limit Becker's commercial obligations.

Becker has limited his taxes by officially moving to Monte Carlo. As a resident of the Mediterranean principality, Becker is legally exempt from West German taxes—and from its military obligations. His lifestyle, too, is less hectic. In West Germany he is besieged by fans and report-

tain. When Becker demanded that Bosch keep out of his personal life, the coach angrily quit. Becker is in no hurry to replace him, claiming that he is content with the more limited coaching Tiriak has always provided. Tiriak disagrees, explaining that his protégé could benefit from more systematic training than he can offer. Finding a new coach, though, may be difficult. Becker has, as Tiriak mildly puts it, a "very strong character."

Coupled with Becker's defeat in Monte Carlo and an earlier loss in a critical Davis Cup match against Spain, the Bosch episode has spurred negative headlines and unfavorable comparisons to Steffi Graf, the hottest player on the women's circuit. The weekly Stern asked on a recent cover: WHAT'S THE MATTER WITH BORIS? And Bunte, another weekly, countered with the cover line: WHY STEFFI IS BETTER THAN BORIS.

Burning out? There is no evidence that anything is fundamentally the matter with Becker. He did suffer a case of what doctors diagnosed as food poisoning recently, which may have contributed to some of his less impressive performances. But he has also won tournaments in Milan and California this year. Given the intense pressures he faces, Becker could suffer early burnout. Even if he avoids that, Tiriak says, his best hope may be to "play his 10 years"—a span far shorter than the careers enjoyed by top stars in the past. But then again, the game has changed, and players who hit the big time in their teens tend to age fast.

At 22 and already a veteran of the circuit, Jimmy Arias understands the process well. His upset of Becker at Monte Carlo marked the beginning of what he hopes will be a steady climb back after a period in which he lost his spark. He warns that Becker could face

similar dangers—"if he doesn't watch out"—but recognizes a key difference in their personalities. "He has a burning desire to be No. 1," he says. "I didn't have that." It is that desire that has taken Becker as far as he has gone and may take him even further, both in tennis and finance. If so, there is no doubt that his countrymen will embrace him enthusiastically once again. And so will the companies that have staked millions on his future.

ANDREW NAGORSKI in Monte Carlo



PAUL ZIMMER

The man in motion: Looking for the right shot in Monte Carlo

ers. In Monte Carlo, Becker says, "people leave me alone. I'm just another famous person, that's all."

Becker's choice of residence, and his obvious lack of enthusiasm about spending more time in his homeland, have irritated some of his countrymen. His somewhat petulant parting with coach Gunther Bosch earlier this year further tarnished his image. Bosch had complained that Becker was not dedicating enough time to his game, that he was being distracted by a girlfriend in Monte Carlo, Benedicte Cour-

Citicorp Faces Reality— And Finds It Doesn't Hurt

The big bank talks tough about Third World debt

For five years major American banks have worried about their loan exposure in financially shaky Third World countries: clearly billions of dollars' worth of the debt would someday go into default. Yet bankers were loath to estimate their losses and write them off immediately, figuring the amounts would be so stunning that they would not only decimate bank profits but ignite a world credit crisis. Last week, however, the most influential U.S. bank finally declared that it was time to face reality.

At the instigation of chairman John Reed, Citicorp increased its bad-debt reserves by \$3 billion, saying, in effect that perhaps 25 percent of its loans to less-developed countries would never be paid. Aware of the impact his decision would have, Reed forewarned Treasury Secretary James Baker, the Securities and Exchange Commission and the Federal Reserve Board and dispatched senior bank officials to hand deliver letters, contents undisclosed, to the presidents of Mexico, Brazil, Argentina and the Philippines as the announcement was made. Initially, Citicorp's forthrightness set off just the sort of tremors in the financial markets that bankers had long feared. But after the first frenzy abated, it quickly became clear that honest bookkeeping was the best banking policy after all—at least for this particular bank. Citicorp's stock leaped 9 percent, and investors began to view its bold move as a positive one for the entire banking industry.

The move clearly put pressure on other banks to follow Citicorp's lead—and not all of them would be able to make the adjustment so handily. It was not so clear what effect Reed's action would have on the continuing efforts by banks and the LDC's to renegotiate the most troubled loans. Ever since Brazil suspended payments on \$68

billions. The governments of the United States and other rich countries would then be pressured to lend funds to the poorer nations themselves, something they don't envision doing. Baker—who called Citicorp's decision "a positive step"—obviously didn't think such an extreme situation would develop in this case. A flinty attitude could actually backfire on the banks.

The LDC's could simply say thanks—and then renege on 25 percent of their loans.

At home, Reed's move initially seemed to have ominous implications for other American banks. The decision increased Citicorp's total reserves against possible bad loans by more than two and a half times, to a total of nearly \$5 billion. The money will be charged against the bank's earnings, causing a second-quarter loss estimated at a dismaying \$2.5 billion, the largest quarterly loss ever for a bank. For all of 1987, Citicorp figures it will lose about \$1 billion.

Trouble spots: If other banks make similar increases in their own reserves, the results would be mixed. J.P. Morgan and Bankers Trust are strong enough, analysts say, to do what Reed did—assume he wouldn't collect 25 percent of his LDC loans—without seriously hurting their finances. But others, particularly BankAmerica and Manufacturers Hanover, are in weaker financial condition. Both have problem loans at home as well as abroad and would not be able to recoup their losses and rebuild their net worth as quickly as Citicorp.

In San Francisco, BankAmerica denied it would now add to its bad debt reserves. The bank said it had already put its numbers in order: its loan loss reserves represent 3.2 percent of all its loans against a major bank average of 2.1 percent (Citicorp's level is now 3.7 percent, up from an unrealistically low 1.4 percent). West Coast analysts agreed that BA had done enough. There may, however, be some hometown scoring in that opinion. Analysts elsewhere said BA would have to boost its reserves still more to match Citicorp's move—and the bank has already suffered a \$518 million loss for last year. Manufacturers Hanover, meanwhile, said it was considering following Citicorp; according to industry sources, Chase Manhattan was, too. Chase also reacted to un-



MARTY FIEDERHANDLER—AP

Some honest bookkeeping was long overdue: Reed piles up reserves

A Clutch of Risky Loans

Many major American banks hold substantial levels of risky Third World loans, but most still maintain relatively modest bad-debt reserves in case of defaults.

BANK		MAJOR THIRD WORLD DEBT IN BILLIONS*	TOTAL RESERVES IN BILLIONS**	NONPERFORMING LOANS AS % OF LOANS OUTSTANDING**
Citicorp	+	\$14.9	\$4.9†	5.1%
Manufacturers Hanover	■	\$7.5	\$1.0	6.3%
BankAmerica	■	\$6.7	\$2.1	7.9%
Chase Manhattan	○	\$6.4	\$1.1	5.5%
Chemical	CHEMICAL BANK	\$4.4	\$.7	6.2%
J.P. Morgan	J.P. Morgan	\$3.9	\$1.0	5.3%
Bankers Trust	■	\$3.9	\$.6	5.1%

*END OF YEAR, 1986 **END OF FIRST QUARTER, '86 †SECOND QUARTER 1987 EST.

billion of its foreign debt in February, talks have grown increasingly testy. A bill that would have forced banks to expand their reserves against Latin American loans sprouted in Congress, and both Treasury Secretary Baker and Fed chairman Paul Volcker lobbied extensively against it, arguing that this would discourage new infusions of capital to the Third World.

If the banks were to cut off the LDC's when they come back to the lending window, there could be serious political rever-

percent, up from an unrealistically low 1.4 percent). West Coast analysts agreed that BA had done enough. There may, however, be some hometown scoring in that opinion. Analysts elsewhere said BA would have to boost its reserves still more to match Citicorp's move—and the bank has already suffered a \$518 million loss for last year. Manufacturers Hanover, meanwhile, said it was considering following Citicorp; according to industry sources, Chase Manhattan was, too. Chase also reacted to un-

DRIVE FIRST CLASS. PAY ECONOMY.



At Budget you get the first class comfort and style of a Mercedes 190E at an economy rate. We even give you the luxury of free unlimited kilometres.*

Just walk up to the Budget desk at most major airports, or call our reservation centres in major cities across Europe.

You can drive first class and pay economy with Budget in Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Morocco, Netherlands, Norway, Oman, Sweden, Switzerland and the UK.

Budget
rent a car

*Time and mileage rates may apply on 1 or 2 day rentals in certain countries

GENEROSITY IS PART



OF OUR TRADITION



السعودية

For centuries, the desert
has nurtured our spirit
of generosity.

Today, with our vast land
in the forefront of
development and progress,
this spirit remains, more
evident than ever.

Enjoy our generous service
aboard Saudia.

**SERVICE
ON BOARD**

saudia

The spirit is alive

Geneva World Capital of Telecommunications

5th World Telecommunication Exhibition & Forum



Where telecommunication leaders, manufacturers, service providers, users, economists and investors from the 162 countries Members of the Union meet in the world's most important and prestigious multifaceted quadrennial communications event covering the fields of national, regional and world communications networks, terrestrial and space communications, public, business, broadcasting and radiocommunication services. Join the decision makers. Come to the 1987 Geneva summit.

20-27 October 1987, Geneva

Mail to: **International Telecommunication Union - ITU - TELECOM Secretariat, Place des Nations - 1211 GENEVA 20 Switzerland**

Name/Company/Organization _____

Address _____

Please send me information on TELECOM 87 _____ ☐

I wish to participate in the World Telecommunication Forum*, please send more detailed information _____ ☐

Please send me an order form for the Books of Speakers' Papers of Forum 87 _____ ☐

Date: _____

Signature: _____



***FORUM 87** 19-27 October 1987 Part I - Policy Issues of Telecommunications; Part II - Technical Symposium, Part III - Legal Symposium, Part IV - Economic & Financial Issues; Part V - Regional Networks.

Registration Fee for All Parts I-V: 1200 Swiss Francs - before 15 September

UNIT

certain market conditions by withdrawing a scheduled \$200 million debt offering. But by the end of the week the financial jitters seemed to be subsiding: none of the bank stocks had taken a sizable hit.

Bank analysts decided almost immediately that Citicorp's decision on reserves was an adroit one. By recognizing the potential losses in its portfolio, the bank will now be more willing to unload some of its uncertain loans: it said last week that it now planned to jettison up to \$5 billion worth of its Third World paper, either by selling it off to other investors or swapping the debt for equity interests in the operations of foreign borrowers.

This is not the first time that Reed has tried to stare down his Third World customers. Since assuming the Citicorp chairman's job three years ago, Reed has slowly moved the bank away from the foreign-lending position of his predecessor, Walter Wriston. It was Wriston who urged the other banks to lend abroad because sovereign nations never went bankrupt. But they do default on their debts at times, as both Wriston and Reed found out, and recently Reed has been trying to force the

LDC's to practice fiscal austerity in return for loan concessions. He has had little luck—and he may be hoping that last week's public display of scary numbers had the potential for shaking things up at the bargaining table. "What Citicorp has done is thumb its nose at debtor countries," said David Andrews, director of IBCA Banking Analysis in London. "It has called their bluff by saying, 'Try defaulting; we can survive.'"

Finger in the wind: Even if Reed fails to get the LDC's attention at the bargaining table, he has made his point on Wall Street. Investors had been downgrading Citicorp stock because of the uncertain foreign-loan situation. Now Reed has put a real estimate on the magnitude of the problem. To be sure, it was just a guess. When a reporter asked Reed how he had come up with the \$3 billion figure, he playfully licked a forefinger and held it up in front of him like a sailor finding the wind's direction. But that was enough to allow bank analysts to peg the price of Citicorp stock at a more realistic level—and they are already anticipating sharply higher profits for the bank in 1988.

The move may have a more immediate

positive effect on the bank's financial statements. The losses now being reported are strictly on paper and they can be used to shelter Citicorp's profits from taxes. Meanwhile, the bank's revenues are unchanged and its lending ability is not impaired—loan-loss reserves count as capital funds, which control how much money a bank can lend. Don Noe, banking research director at Moody's, the securities-rating agency, says Citicorp's borrowing costs may also be reduced. As the largest private borrower in the country, the bank generally has to pay more for its money than its competitors simply to induce lenders to lay out so much to one borrower. Because of its newly perceived financial strength, Noe says Citicorp may be able to reduce the interest rate it pays on its \$27 billion in long-term debt by one-tenth of a percentage point. "That's real earnings," he says. Other banks that bite the bullet on LDC loans may not fare quite as well. But the markets' final judgment on Citicorp's decision seemed to be: why didn't you do it a long time ago?

DAVID PAULY with CAROLYN FRIDAY
in New York. RICH THOMAS in Washington
and bureau reports

The Bargainburger Makes a New Stand

In the beginning were burgers, fries and Cokes to go. Then the hamburger stand began the fast-food chain, which began indoor seating, Croissan'wiches, French Toastix and salad bars. Now, however, comes a new order: back to basics. More than a dozen small regional chains are opening stands which offer drive-through service only, prices 30 to 40 percent below the competition's and nothing fancier than burgers, fries and soft drinks.

These burger fundamentalists hope to wax fat on the low-cost, high-growth side of the business. The drive-through trade expanded at nearly triple the generally sluggish rate of total burgersales in the past four years. The new stands don't require much land or labor. The two-window kiosks for the 23-unit Central Park chain based in Chattanooga, Tenn., for example, measure 12 feet by 12 feet and cost less than \$200,000 versus \$1 million for the average fast-food

restaurant. A kiosk employs 18 workers (the typical franchise employs 50) and advertises by handbills. So a Central Park outlet still profits selling a quarter-pounder, fries and 20-ounce Coke for \$1.67, while a nearby McDonald's prices a comparable order at \$2.76.

Not that McDonald's is losing McSleep over the 10-unit Skooters in the Southeast or even Hooker's Hamburgers, a national chain run by John Jay Hooker, who soared with Minnie Pearl's Chicken until grounded by Kentucky Fried. "We intend to look forward, not back," says a McDonald's spokesperson. The hamburger giant enjoyed a 13 percent rise in revenues over the past year in its first quarter. But its competitors are losing market share in an overfed industry—and they, too, are trying to re-emphasize some old-fashioned virtues.

Burger King is shopping for a new ad agency but says it plans to keep pitching convenience with its latest theme

"the best food for fast times." Wendy's pushes its Big Classic burger with price-cutting coupons. Both chains are also slashing costs; Wendy's fired 20 percent of its headquarters staff last week, following a 15 percent reduction at Burger King's main office last month.

Mighty counterattack: The biggest worry for the discount burger burghers is that if they get too successful, a mighty Big Mac Counterattack will follow. The major chains are already adding second drive-through windows but might have a hard time persuading their franchisees to swallow a program that could steal dollars from the sit-down trade. The small competitors will always be at risk in a business so heavily driven by national advertising. "The hamburger industry spends \$1 billion a year on advertising for the fundamental reason that they have nothing to advertise," complains Hooker. "They all have the same menu and the same price." He and the other re-

vivalists hope that, after years of deserving a break, searching for Herb and looking for the beef, the customers are ready to come home this summer to that All-America combo: burgers, bargains and the automobile.

JEFF B. COPELAND with
PENELOPE WANG in New York



Cheap grills: Georgia kiosk



WALT JOHNSON—PICTURE GROUP



DELAFOSSÉ—SYGMA

Not a prosaic contest: Adversaries William Jovanovich (left) and Robert Maxwell

Battle of the Book Barons

Harcourt Brace Jovanovich resists a British bid

And now a hostile takeover bid that's really hostile: Fleet Street press baron Robert Maxwell versus William Jovanovich, America's foremost textbook publisher. Last week, after Maxwell announced his \$1.7 billion bid to buy Harcourt Brace Jovanovich, Inc., his American target termed the offer "preposterous" and sniped at Maxwell's Czechoslovakian origins. "Mr. Maxwell's dealings since he emerged from the mists of Ruthenia after World War II have not always favored shareholders," sneered a statement from Jovanovich—who is himself the American-born son of a Serbian immigrant. The reply to that xenophobic zinger came from Robert Pirie, Maxwell's investment banker at Rothschild, Inc., who pooh-poohed the American publisher's financial standing (he holds just 1 percent of HBJ stock). Parried Pirie, "So far we've heard from only one small shareholder. We're waiting to hear from the rest."

The Jovanovich-Maxwell slanging match may be far from prosaic, but it's just the latest outbreak of international merger mania in the book-publishing business. Since last autumn two U.S. publishers have been swallowed by international publishing giants: Doubleday by West German publisher Bertelsmann AG, Harper & Row by Rupert Murdoch's News Corp. The transatlantic deals also flow the other way—in early May Random House Inc. snatched up the British publishing group of Chatto, Virago, the

Bodley Head and Jonathan Cape, Ltd.

The urge to merge is not difficult to understand from a business standpoint. The falling dollar makes U.S. firms a steal—especially when the marketing savvy of American publishers is brought into the bargain. But while foreign money has been crossing the Atlantic, American cash has been traveling, too. Despite the drop in the dollar, doing business under the Union Jack is increasingly attractive to U.S. firms since it affords greater marketing reach within Commonwealth nations such as Australia and New Zealand. Moreover, buying British can give U.S. firms the prestige that comes with representing eminent British authors. When Random House bought the medium-size publishing group Jonathan Cape, Ltd. et al., for example, its name became linked with such literary luminaries as Iris Murdoch, Martin Amis, John Fowles, Graham Greene and the late Virginia Woolf.

Sure-fire best sellers: But if global reach has clear advantages, many book lovers wonder whether the rush to consolidate won't take some of the heart—and the art—out of publishing. With mergers sweeping the publishing industry, critics charge that a big-business mentality will do to books what megamergers do to movies: focus attention on the bottom line at the expense of artistry. Roger Straus, president and chief executive officer of Farrar, Straus & Giroux, says that the high cost of mergers makes the acquiring firms wary of projects

that won't show a handsome return. "When they pay this kind of bill and play this kind of game," he says, the big companies feel they have to promote those authors who promise sure-fire best seller-dom—and ignore, perhaps, the Malamuds or Joyces of the future. Not all industry watchers share that dim view, to be sure. According to Knopf editor and author Gordon Lish, "One can find himself just as vigorously ignored in a small setting as in a large setting."

Defenders of the new publishing giants say that bigness need not crush small authors—nor, for that matter, small presses. Many publishing houses have recently created series to present the works of new writers. In 1984 Random House formed Vintage Contemporaries, which published Jay McInerney's debut novel, "Bright Lights, Big City." Similarly, Bantam Books Inc., a publisher purchased by Bertelsmann in 1980 and widely known for its paperback best sellers, is launching Bantam New Fiction in June. Of course large companies swimming in these smaller ponds could mean trouble for independent presses. But Robert Bernstein, president and CEO of Random House, believes his little-known rivals are thriving. To prove his point, he reads names aloud from a recent New York Times Sunday Book Review section: "Station Hill Press, Dalkey Archive Press." Says Bernstein, "All sorts of publishing houses are getting their share of attention."

Meeting canceled: No matter what the impact, international agglomeration seems destined to continue. Analysts say HBJ is likely to be the next victim, since the company's strategy for fending off its British suitor seems to be collapsing. Last week the publisher, based in Orlando, Fla., canceled a shareholder meeting scheduled to discuss a planned public offering. By increasing the amount of company stock, the offering would render Maxwell's takeover attempt more expensive. HBJ officials have declined to comment on the meeting's cancellation, but analysts speculate the company had too few proxy votes to win approval of the plan.

Maxwell, meanwhile, seems poised for action. While the British bidder says he is not interested in selling parts of HBJ, analysts say he may spin off the company's profitable Sea World amusement park and insurance operations to defray costs. If successful, the bid would help fulfill Maxwell's long-held ambition. "There are going to be 10 mammoth corporations in information and communications," he once predicted. "And I am modestly bidding for one of the 10 places." In the battle between Maxwell and his feisty American counterpart, however, modesty seems unlikely to play a role.

RONALD HENKOFF in London with
ANNETTA MILLER and JOHN SCHWARTZ

A Champion Dives Back In

Early this spring Greg Louganis looked washed up. The failure of the Olympic gold medalist, now 27, to win anything at the U.S. Diving Indoor Championships caused Louganis to doubt himself. But then he won one event at the World Cup in Holland and all three at the McDonald's International in Florida. "At the nationals I was thinking of winning and not performing. I learned that I have to go back to performing and having fun." He did just that in Florida, jumping into a hot tub with Soviet divers Elena Miroshina,



Winners in the water: Pershina, Louganis, Miroshina

12, and Ludmila Pershina, 14. The 70-pound Miroshina may one day overshadow the American giant: she won the platform event in Florida and

scored an apparent world-record 508.65 points at an East German meet. "Elena I want to adopt," says Louganis. "She's such a cutie."



PETER TURNLEY FOR NEWSWEEK

Vive la France! Nixon

Nixon's Art

The French revere Jerry Lewis, so it should come as no shock that their Fine Arts Academy has elected Richard Nixon as one of its 15 foreign associate members. Nixon, who replaces the late pianist Arthur Rubinstein, was honored for encouraging U.S. contributions to the French arts. Watergate did not diminish Nixon's stature in France: "You have drunk from a bitter chalice," said academy president Arnaud d'Hauterives. Nixon, recalling his dealings with French presidents, slyly cited "their profound knowledge of how the real world works."

Coffee to Go for Donna Rice

Has Procter & Gamble been caught with its pants down, again? In 1973 the company discovered that the mother on its Ivory Snow package was porn queen Marilyn Chambers. Now it seems that P&G recently test-marketed a Folger's coffee commercial starring Hartbreaker Donna Rice. The spot stopped running in April, shortly before Rice hit the headlines. P&G claims it has not yet decided whether to shelve it permanently

No commercial advance?: Rice
WOODBURY-SYGMA



ERICA LANSNER—PHOTOREPORTERS

Encore: Solti and Grammy

Music Man

His collection of Grammy Awards was huge—but there's always room for one more. At a special ceremony in Carnegie Hall, Sir Georg Solti, music director of the Chicago Symphony, picked up his 25th Grammy, something no one else—even Henry Mancini, with 20—has managed to do. How does Solti explain his record? "Probably because I'm not very bad—and my orchestra is not very bad, either." It's not the maestro's only milestone: this year he also celebrates his 75th birthday and the 70th anniversary of his first piano lesson. Keep practicing, Henry

KATRINE AMES

Tip on Tap

How the mighty have fallen: Tip O'Neill, accustomed to a starring role in U.S. politics, has taken "a very humbling part" on TV. The former speaker of the House appears opposite baseball's, uh, legendary Bob Uecker in a Miller Lite commercial, which will be aired only in O'Neill's native Boston. In the spot, Uecker mangles a Boston travelogue and asks a man seated nearby, "Ever hear of Flip O'Neill?" "Sounds familiar," Tip replies. By now he might welcome the blistering pace of a filibuster—the 30-second commercial required more than 70 takes.

Cryer's Career Takes Off

Waiters of the world, relax here's one actor who won't be looking for your job. Jon Cryer has three movies due out this year. Starving he's not—but yes, he's suffered for his art. As a punk-rocker cowboy in "Dudes," he had "the most painful haircut of my life." And in "Superman IV," in which he's the nephew of the evil Lex Luthor, he learned that big-screen flying is so painful it makes even the Man of Steel curse.

Suffering for his art: Cryer



HEALTH

Preying on AIDS Patients

Quacks peddle false hopes to sufferers of the deadly disease

A man with AIDS wallops himself in the chest to stimulate his thymus gland. Another man exposes his genitals to the sun precisely at 4 o'clock. Others eat processed pond scum, bought in a health-food store at \$20 a bottle. Some fly to the Caribbean for worthless but costly injections of cells extracted from the glands of unborn calves. With no cure for AIDS in sight, AIDS sufferers are ready prey for hundreds of quack doctors peddling half-truths and false hopes—and potentially lethal treatments. "As soon as you saw AIDS coming along you could predict the worms were going to come out of the woodwork," says Ric Ewing, a leader of Being Alive, a Los Angeles self-help group for people with AIDS. "AIDS is ripe for scams."

According to U.S. congressional hearings on medical fraud, \$1 billion will be spent on bogus AIDS treatments this year. Dr. John Renner, a board member of the National Council Against Health Fraud, believes that estimate may be conservative. "There is an entire world of mischief and hucksterism out there," he says, "spreading disinformation, panic and fear." Now U.S. agencies are beginning to fight back. Last month the Food and Drug Administration seized property at the Florida facilities of Life Extension Products, which had promoted its tablets of the common food preservative BHT as an effective AIDS treatment. The FDA is investigating several other similar cases, a spokesman says, but won't disclose details. And last week the California attorney general announced the nation's first special task force to investigate and prosecute AIDS frauds.

Many AIDS nostrums are more ridiculous than harmful. To uncover scams, Renner, director of medical development at St. Mary's Hospital in Kan-



A Prescription for Cutting the Red Tape

For many years a vocal cadre of physicians, drug-company executives, economists and patients has charged that Food and Drug Administration procedures for testing new drugs are unnecessarily slow and that the laborious regulation tangle has kept promising medications from severely ill patients. Last week its persistent call for cutting the red tape was answered by a new FDA rule that will make experimental drugs available to patients with life-threatening illnesses such as AIDS.

In the case of AIDS, of course, making more drugs widely available may buy patients some precious time, but the only really effective weapon against the epidemic right now is prevention. President Reagan is leaning toward endorsing mandatory testing of

everyone applying for a marriage license. But just what public-health measures ought to be taken remains a thorny issue. Last week the Senate voted 63 to 32 against requiring states to impose such testing.

Clinical trials: The new FDA rule, which has been in the works for more than three years, reflects the Reagan administration's effort to reduce federal regulation of U.S. industry. The AIDS epidemic was by no means the only impetus, explains FDA Commissioner Dr. Frank E. Young; the drugs expected to be released under the arrangement will also benefit patients whose lives are immediately threatened by emphysema, advanced congestive heart failure, endocarditis (a serious inflammation of the heart lining) and certain cancers for

which no other treatment is available.

Under the new rule, pharmaceutical companies will for the first time be able to charge for drugs made available on an experimental basis, but the price may cover only manufacturers' costs. The drugs involved must already be in clinical trials, which should prevent the distribution of "quack" remedies that have no proven value and could be dangerous. The ruling also permits the distribution of certain other unapproved drugs, in a later phase of clinical testing, for patients suffering from illnesses considered "serious" but not life-threatening, including advanced stages of Alzheimer's disease, multiple sclerosis and Parkinson's disease, as well as some forms of epilepsy and heart disease.



PHOTOS BY CHUCK NACE

sas City, Mo., sometimes poses as a wheelchairbound patient at health fairs. The most absurd things he's found so far: that injections of hydrogen peroxide kill the AIDS virus; that eating bee pollen, garlic or processed blue-green algae beefs up the immune system, and that a whack over the thymus gland bolsters bodily defenses by converting more white blood cells into microbe-fighting T-cells (T for thymus).

Since the AIDS virus attacks the immune system, leaving victims vulnerable to devastating infections, most bogus products promise in vague terms to strengthen immunity. For example, Renner bought through the mail two bottles of processed T-cells for \$25. The claim that these can replace T-cells ravaged by the AIDS virus is outrageous, he says. In fact, says Dr. Jeffrey Laurence, director of the AIDS laboratory at New

York Hospital, scientists do not know of a single substance that effectively and safely boosts the immune system.

More troublesome than kooky mail-order products, however, are doctors offering fraudulent AIDS treatments that appear legitimate. It is bad enough that these purported panaceas are expensive (and not covered by health insurance), but they also tend to turn AIDS patients away from recognized treatments that could ease symptoms. Ft. Lauderdale physician David Droller says one of his patients refused to take the drug AZT, which has been shown to alleviate AIDS symptoms in some patients, and instead went to France for therapeutically worthless injections of thymus-gland extracts. The treatment's cost, \$10,000. "[The patient] says he is feeling great," says Droller. "But he looks like he's from Dachau..."

Hepatitis B: The most dangerous bogus treatments, experts say, involve injections of untested, even bizarre substances of dubious origin—substances that could be contaminated with poisons or infectious microbes. A few years ago, for instance, American and Bahamian health officials raided an island cancer clinic dispensing blood serum contaminated with AIDS and hepatitis B viruses. Outlaw AIDS clinics might also offer spoiled goods. Experts question the methods of the Caribbean doctor who injects AIDS-related complex (ARC) patients with fetal bovine extracts. Included

Kitchen chemistry: Applying DNCB to Kaposi's sarcoma lesions, whipping up a version of the drug AL-721

The original version of the rule, proposed in March, drew harsh criticism from some politicians and a group of five former FDA commissioners who worried that the plan would unleash a flurry of unproven drugs. And in a letter to Young, Gerald J. Mossinghoff, president of the Pharmaceutical Manufacturers Association, complained about the difficulty of completing clinical trials necessary for the

prompt approval of new drugs. Mossinghoff also noted the potential ethical dilemma of withholding an apparently effective drug from patients getting placebos in a controlled study—if that drug was being made available to other patients.

Young says he and his staff have addressed these criticisms and incorporated solutions in the current version of the regulation. To avoid flood-

ing the market with worthless or toxic products, the rule lets the FDA commissioner deny distribution of a drug if there is no convincing scientific basis for its usefulness. "We will not expose patients to an unreasonable and significant risk," explains Young. The concern about clinical trials, however, has not been entirely resolved. The ruling allows a manufacturer to make an experimental drug available to physicians only if required numbers of patients remain enrolled in trials of the medication. But such compliance could be difficult since trial subjects participating in a double-blind study—who know they may be receiving placebos—will presumably want to drop out and get the drug instead.

One of the rule's early critics, Rep. Henry Waxman, believes that the final version "recognizes there is a role for consumer protection, even for

dying people." But he still has several reservations, including the provision allowing manufacturers to charge for experimental drugs, on top of the tax breaks they already get. Waxman also worries that the FDA might not be able to prevent distribution of some drugs before they've been proved safe.

Keeping safeguards: Young is hopeful that the final version of the ruling, which becomes law at the end of June, will receive broad-based support. "We were looking for ways to improve the drug-approval process but still keep the safeguards," he says. "We wanted to keep all the appropriate regulations to make sure drugs are safe and effective but not be so heartless that we are not compassionate for those who are desperately ill and have no alternative therapy."

JEAN SELIGMANN with
MARY HAGER in Washington

More choices: A new FDA rule offers hope to needy patients

MRS. JERRY LUKY, PHOTOGRAF



with the \$800 treatment are pills containing an immune-system substance known as transfer factor, derived, the doctor says, from mice inoculated with the AIDS virus "That sounds like the thing you'd want to take if you were committing suicide," says hematologist Dr. Wallace Sampson, a professor of medicine at Stanford University, who worries that the "worthless" pills might also be contaminated.

Responsible AIDS activists are trying to keep some of the blatant hucksterism in check—even as some of them promote unproven remedies themselves. There are hundreds of groups supplying information and counseling to AIDS patients nationwide, from New York's Gay Men's Health Crisis—with 70 staff members and 1,200 volunteers—to the two-man AIDS Healing Alliance in San Francisco. Many of the groups were formed because their leaders believed that the medical establishment has not only disappointed but betrayed AIDS patients. To some extent, the FDA's announcement last week that it will allow doctors to treat AIDS patients with promising but unproven new drugs should placate the critics (box). But many activists still blame doctors for doing nothing more for AIDS patients than merely telling them to prepare to die. "We made a mistake giving all the power to physicians," says Tom O'Connor of San Francisco, who has ARC. "We need to make our own decisions."

Egg yolks: Nowhere is this resourcefulness more evident than at the world's 90 or so "guerrilla clinics," from which unapproved medications are distributed. One unapproved drug is AL-721, whose ingredients are fats, such as lecithin, derived from egg yolks. Preliminary studies here and in Israel, where AL-721 was developed, suggest it may hinder the AIDS virus's invasion of healthy cells. Because AL-721 has no FDA approval as an anti-AIDS drug, O'Connor organized a guerrilla clinic and recently imported a 55-pound batch for 23 AIDS and ARC patients. Whenever his supply runs out, O'Connor whips up homemade AL-721 from soy lecithin available in health-food stores, following recipes published in underground journals such as the San Francisco-based AIDS Treatment News.

Guerrilla clinics also distribute DNCB, a chemical used in photographic processing that, in addition, has FDA approval as a treatment for warts. Last year, after a San Francisco dermatologist suggested in a prestigious medical journal that DNCB also seemed to fade the purplish lesions of Kaposi's sarcoma, a complication of AIDS, demand skyrocketed. Now as many as 4,000 people daub their Kaposi's lesions



Better than nothing: HEAL's macrobiotic feast, an AIDS sufferer meditates

with DNCB. Says Jim Henry, who runs a San Francisco guerrilla clinic that distributes DNCB: "You have to be a photo processor to get DNCB, so we have to use a phony company name or they won't send the stuff."

So far, no health authorities are known to have shut down any guerrilla clinics. One way that clinics avoid prosecution is by giving their wares away—strictly speaking, that means they're not defrauding anyone. Whether they're healing anyone is another question, experts say. A San Francisco dermatologist whose 1986 study reported in the *Journal of the American Academy of Dermatology* started the run on DNCB now says it's out of hand. As he said (anonymously) to *Medical World News*: "I fear a great deal is being made out of very little by people wanting desperately to believe this is more than it is."

In their ardent search for remedies, AIDS activists have, despite their good intentions, invited some unconventional thera-

pists into their midst. At a recent meeting of New York's HEAL, a group that promotes alternative treatments for people with AIDS, four of the 23 people there were not patients but self-appointed therapists—such as the herbalist who said that for an \$80 fee, he could concoct an herb remedy. At the same meeting, a HEAL leader praised the "alternative" AIDS therapy of New York's Dr. Emanuel Revici—but failed to mention that the 90-year-old cancer doctor had his license

suspended for two months in 1984 for gross incompetence and negligence.

Few doctors begrudge an AIDS patient moderate doses of vitamin supplements, acupuncture or other basically harmless alternative therapies. At Boston University's School of Medicine, researchers are studying one of the most popular alternative AIDS treatments, macrobiotics. Since 1984 BU immunologist Elnor Levy has followed 20 men with AIDS who subscribe to a macrobiotic lifestyle, which consists of regular meditation and a diet of whole grains and vegetables, no dairy products and little meat. The evidence is equivocal. Eight of the men have died and several are unchanged. But several men appear stronger, Levy says, with fewer AIDS-related side effects such as night sweats. Most scientists say that brown rice and a mantra aren't behind these kinds of successes, and even Levy is highly cautious. Some patients spontaneously improve for a while anyway, experts point out, and others may have benefited from conventional medicines they were taking at the same time.

More compassion: Of course, it is only because physicians have so little to offer AIDS patients that alternatives and scams flourish. But doctors could still do more. AIDS activists and quackbusters alike say that if doctors offered AIDS patients more compassion, they'd be less likely to go looking for it elsewhere. "That's what quacks offer—empathy and hope," says Dr. Victor Herbert, a medical scientist and attorney at the Bronx Veterans Administration Medical Center. Dr. Bernie S. Siegel, a New Haven, Conn., surgeon and author of the best-selling "Love, Medicine & Miracles," agrees. "It's never appropriate for a doctor to tell someone, 'There's nothing I can do for you,'" he says. "If you care for the AIDS patient, he will certainly feel better and might live longer." For their part, AIDS activists could use more of their considerable resources to step up the war on the fools and rascals waiting to exploit them.

TERENCE MONMONEY with VICKI QUADE
in Chicago, SCOTT ARD in San Francisco,
LYNDA WRIGHT in Los Angeles
and bureau reports

A New Worry for Health-Care Workers

The threat of infection through contact with AIDS-contaminated blood

It has become a predictable scene in the unfolding AIDS drama: whenever health officials announce a new finding about the spread of the disease, another wave of fear—and sometimes panic—spreads through the population. Last week was no exception. When the Centers for Disease Control reported that three female health-care workers had apparently become infected after a single exposure to AIDS-contaminated blood, many Americans were terrified.

At The Center, a Long Beach, Calif., blood-testing facility that recently served about 50 people a week, the doors had to be closed after 102 people—nearly all of them health workers—came in for tests. "They were worried that some patient in the past may have been infectious and they didn't know it," says Dr. Michael Brown, coordinator of AIDS services. In New York, the Gay Men's Health Crisis hot line was flooded with calls. And in Houston, a nurse who had been considering a job at an AIDS hospice changed her mind because, she says, "I'm just not going to risk it."

CDC recommendations: Although such worries are understandable, the new report should not be cause for widespread alarm. The three cases did not describe a new mode of AIDS transmission—and, in fact, the incidence of infection among the thousands of health-care workers who have cared for AIDS patients is extraordinarily low. But the report did point out the need for extreme caution. For the past five years, the CDC has strongly recommended that care givers who might come into contact with the blood or body fluids of AIDS patients should wear gloves and, in some cases, masks, gowns and eye goggles. But accidents can still happen, and many health workers simply skip the protective measures. Hundreds of hospital workers have reported pricking themselves with hypodermic needles used on AIDS patients, yet only a handful have tested positive for antibodies to the virus.

The three cases described by the CDC last week were among the first involving exposure to blood *without* a needle prick; all three women, however, had breaks in their skin that could have allowed the virus to enter. In one instance, a hospital emergency-room nurse was trying to help resuscitate a patient who had

stopped breathing and had no heartbeat. Without gloves, she applied pressure for 20 minutes to the gauze-covered site where a catheter had been removed from an artery in his arm; the staff did not know the man had AIDS. Later the nurse reported that her hands had been chapped. At another hospital, a worker who was wearing gloves and glasses was filling a vacuum-sealed tube with blood when the rubber stopper popped off the tube, and blood spurted into her face and mouth. CDC officials speculate that the AIDS virus may have passed through mucous membranes in her mouth. The third woman, who was also not wearing gloves, was operating a blood-separation machine that broke, splashing blood over her hands and forearms. She told investigators that she had an ear inflammation, which she may have touched before washing up.

The CDC had previously reported six other cases of health workers who were infected through apparent exposure to contaminated blood. Four had stuck themselves with needles, and two others, who didn't take protective measures, had "extensive" contact with blood and other fluids from AIDS patients. Last week's report also included results of three studies of more than 1,500 health workers who had been exposed to AIDS blood through needle pricks, open wounds or mucous membranes. The encouraging

news was that only one person in this large group has tested positive for AIDS antibodies. "It is important to realize that these exposures are very common," says Dr. James Hughes, director of the CDC hospital-infections program. The risk to health workers from exposure to blood "is not zero," he adds, "but it is very, very low. We hope that these [new] cases will provide additional motivation to follow precautions." People who care for AIDS patients at home should also protect themselves, Hughes says.

Increasing risk: As the AIDS epidemic continues to grow, even the very small risk for care givers is likely to increase. Last week there were already signs that these workers were starting to look out for their own health as well as that of their patients. Marie Dorgler, a nurse at New York Hospital who works on an infectious-disease floor, says many employees—particularly those who don't work regularly with AIDS patients—have been lax about taking protective measures against exposure to blood. "It takes a couple of minutes to put on a gown and mask and gloves," she says, "and when you've got a hundred things to do, a couple of minutes means a lot." Now, she expects, "there'll be a lot more strictness about the rules. One mistake, and that could be your life."

JEAN SELIGMANN with MARY HAGER
in Washington and bureau reports



Fatal accident: One health worker was infected with AIDS when a vacuum-sealed test tube popped open, splashing blood into her face and mouth



Prolonged exposure: An emergency-room nurse applied pressure for 20 minutes with her chapped, ungloved hand to a site where a catheter had been removed from an artery



Careless contact: A third woman was spattered with blood from a faulty lab machine; she may have touched her inflamed ear before washing up

ILLUSTRATIONS BY CHRISTOPH BLUMRICH/NEWSWEEK

MOVIES



MELLOUL-SYOMA

Delightful: Mastroianni in 'Dark Eyes'



A heavy-handed, symbolic evocation of the Stalinist era: Scene from 'Repentance'

The Clinkers at Cannes

The cinema festival's 40th anniversary falls flat

It was the Cannes festival's 40th anniversary, but what should have been an august occasion was marred by an unusually inept selection of films. Clinkers abounded: there was French former new-wave actor Gérard Blain's "Pierre et Djemila," a trite, amateurishly filmed love story between a French youth and an Algerian girl amid the racial tensions of a French industrial town. There was Norman Mailer's out-of-competition "Tough Guys Don't Dance," perhaps the single most embarrassing event of the festival, a film in the style of a low-budget horror movie that was greeted with snickering laughter.

This year's festival also featured more than the usual quotient of major disappointments. Diane Kurys's "A Man in Love," a cliché-ridden tear-jerker about the on-screen, off-screen romance of an American megastar (Peter Coyote) and an English actress (Greta Scacchi), was out of place in Cannes. So was Andrei Konchalovsky's "Shy People." This film, about a sophisticated, spoiled New York journalist (Jill Clayburgh) who takes her teenage daughter to track down distant relatives in a Louisiana bayou, turned out to be a "Perils of Pauline" comic strip, with little to commend it except Chris Menges's brilliant photography and Barbara Hershey's stunning performance as a tough bayou recluse—for which she won the festival's best-actress award.

Other much-heralded films also turned out to be seriously flawed: the Taviani brothers' U.S.-Italian coproduction, "Good Morning, Babylon," about two Tuscan

brothers who emigrate to the United States and end up working on the set of D. W. Griffiths' "Intolerance," could have been a charming piece of film nostalgia. But the Tavianis' complete ignorance of the English language, together with an embarrassingly mawkish ending, foreclosed its chances of a prize. The much-awaited Soviet entry, Tengiz Abuladze's "Repentance," made in 1984 but not released till this year, turned out to be a heavy-handed, symbolic evocation of the Stalinist era. It may have been an eye-opener for Russian audiences. But it is also a profoundly boring melodrama that centers around a much-labored incident: a local tyrant who is clearly meant to represent Stalin, (though the jackbooted star, Avtandil Makharadze, wears a Hitler mustache) dies—and his body won't stay buried. Despite its shortcomings, the film won the Cannes Special Jury Prize—undoubtedly more for the spirit of *glasnost* it represented than for the movie itself.

Hopeless affair: The festival did have its redeeming moments. There were some very good films: "Dark Eyes," the Italian production shot partly in the Soviet Union (and directed by Nikita Mikhalkov), was a delight from beginning to end. Set partly in early 20th-century Italy and partly in czarist Russia, and based on several Chekhov stories, it tells the story of the passionate, hopeless love affair between Romano (admirably played by Marcello Mastroianni) and Anna (portrayed by the Soviet actress Elena Sofonova). Mastroianni walked off with the best-actor award—a highly popular decision, though many critics felt the film itself should have been rewarded too.

Another outstanding performance was Joanne Woodward's as Amanda Wingfield in the Paul Newman-directed film version of Tennessee Williams's "The Glass Menagerie." Another filmed play, David Berry's "The Whales of August," was almost equally successful, directed with unusual tenderness by British director Lindsay Anderson. It featured a glittering cast—Bette Davis as a blind shrew, Lillian Gish as her long-suffering sister, Ann Sothern as their predatory friend and Vincent Price as the emigré Russian count who lives off others.

Three very different films also deserved recognition: Barbet Schroeder's "Barfly" written by the American poet Charles Bukowski, is an unashamedly autobiographical account of a love affair in the bars and flophouses of downtown Los Angeles and features virtuoso performances by Mickey Rourke and Faye Dunaway. In a completely different vein, Wim Wenders's "The Sky Over Berlin," a poetic evocation of life in a divided, neurotic city, owes much to a literate, moving script by the noted Austrian-born playwright, Peter Handke.

Finally, the much-awaited Maurice Pialat film, "Under Satan's Sun" (adapted from the novel by Georges Bernanos), turned out to be an austere essay on the clash between God and the Devil in a world dominated by evil. Gérard Depardieu plays an insecure parish priest, and Sandrine Bonnaire the possessed girl he unsuccessfully tries to save. Though the festival's jury gave the film the Golden Palm, Cannes' top award, it was not a popular decision; when this year's president, Yves Montand, announced it, half of the festival hall burst out in a cacophony of booing. Pialat shook an upraised fist at the audience and shouted "If you don't like me, I don't like you either." Those may not have been the most gracious remarks ever delivered by an award winner. But they seemed a fitting close to a less-than-glorious festival.

EDWARD BEHR in Cannes



For the man with exceptional goals

ASSET MANAGEMENT IN SWITZERLAND

If you (like many successful people) do not have the time to manage your own portfolio of assets, why not let the professionals at TDB handle the job?

At TDB in Switzerland we are well-prepared to provide this service. Our experienced portfolio managers devote their full time to selecting investments for maximum security and growth potential.

Another TDB advantage: our worldwide sources of timely financial information, through our global link with American Express Bank and its 99 offices in 43 countries. Equally important, our clients have access to the investment opportunities available through the

American Express family of companies – providing additional ways to protect their assets and make them grow.

Our investment counselors will gladly review your situation and advise you on the portfolio best suited to your individual needs. In strictest confidence, of course.

TDB: an exceptional bank for the man with exceptional goals. Visit us on your next trip to Switzerland. Or telephone: in Geneva, 022/37 21 11; in Chiasso, 091/44 87 83.

TDB, the 6th largest commercial bank in Switzerland, is an affiliate of American Express Company, which has assets of more than US\$99 billion and shareholders' equity in excess of US\$5.7 billion.



**TRADE
DEVELOPMENT
BANK**

An American Express company

*The Trade Development Bank has offices in Geneva
at 96-98, rue du Rhône.*



WIN \$ MILLIONS!

Strike it rich in Canada's Favorite Lottery. You pick your own numbers playing Lotto 6/49

That's right ... you can win millions by picking your own numbers playing Lotto 6/49—Canada's most popular Government Lottery. In fact, last year Lotto 6/49 paid out \$354,736,589.00 in ALL CASH PRIZES. And it's all free of Canadian taxes. There are two draws each week for a grand prize guaranteed to be not less than \$1,000,000.00 with many millions more in secondary prizes. Grand prizes often run into the millions and have been as high as \$13,890,588.80. Imagine what you could do with that much cash! This is your opportunity to find out because now you can play the lottery that's making so many millionaires in Canada.

WHAT IS LOTTO 6/49?

Lotto 6/49 is the official Canadian version of Lotto—the world's most popular form of lottery. It's the lottery in which you pick your own numbers and it's called "6/49" because you select any 6 of 49 possible numbers from 1 to 49. Your numbers are entered in the Lotto 6/49 computer system and if they match the six winning numbers chosen in the draw—you win the grand prize. Or if you have only 3, 4 or 5 numbers correct you win one of thousands of secondary prizes available.

HOW CAN I PLAY?

Complete the attached order form and send it to Canadian Overseas Marketing along with the necessary payment. We will enter your numbers for the specified length of your subscription. You may select from 1 to 6 games for 10, 26, or 52 weeks. Each game gives you

another chance at the grand prize for every draw in which you are entered. You receive a 'Confirmation of Entry' by return mail acknowledging your order and indicating the numbers you have selected as well as the draws in which they are entered.

HOW DO I KNOW WHEN I WIN?

You will be notified immediately when you win a prize of \$1,000.00 or more. Also, a complete list of all winning numbers will be sent to you after every tenth draw so that you can check along the way to see how you are doing. At the expiration of your subscription you will be sent a final statement of your winnings. All prize money will be converted to any currency you wish and confidentially forwarded to you anywhere in the world.

So mail your order today—the next big winner could be you.

PRIZE BREAKDOWN (Actual Sample of One Draw)

PRIZES	NO. OF PRIZES	PRIZE VALUE *
1ST PRIZE 6 OUT OF 6 REG. NUMBERS	1	\$13,890,588.80
2ND PRIZE 5 OUT OF 6 PLUS BONUS	10	\$443,481.80
3RD PRIZE 5 OUT OF 6	715	\$3,704.70
4TH PRIZE 4 OUT OF 6	48,917	\$139.30
5TH PRIZE 3 OUT OF 6	965,112	\$10.00
TOTAL PRIZES 1,014,756		TOTAL PRIZE VALUE \$37,443,228.10

* All prizes quoted in Canadian dollars.

1st, 2nd, 3rd, and 4th prizes are calculated on a percentage of the total prize pool. Since the prize pool fluctuates from draw to draw, the size of the prizes will vary from the size of the prizes shown above.

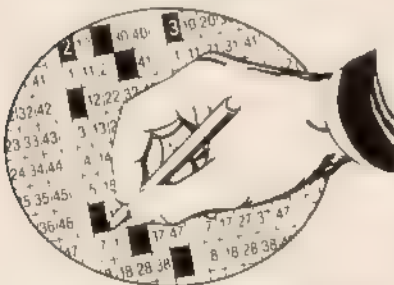
Canadian Overseas Marketing *

PO Box 48120, Suite 1703-595 Burrard St.,
Vancouver, B.C., Canada V7X 1S4
Telex: 04-507822

* Canadian Overseas Marketing is a private company. The prices quoted herein include handling and mailing costs.

ORDER TODAY!

Mark six numbers on each game board you wish to play.



PICK YOUR PLAN - Check only one box below next to the option of your choice. ALL PRICES IN U.S. FUNDS.

FREE BONUS ▶ INCLUDES 2 DRAWS FREE INCLUDES 4 DRAWS FREE

	10 WEEKS (20 Draws)	26 WEEKS (52 Draws)	52 WEEKS (104 Draws)
1 Game	<input type="checkbox"/> \$ 45.	<input type="checkbox"/> \$112.	<input type="checkbox"/> \$ 225.
2 Games	<input type="checkbox"/> \$ 90.	<input type="checkbox"/> \$225.	<input type="checkbox"/> \$ 450.
3 Games	<input type="checkbox"/> \$135.	<input type="checkbox"/> \$337.	<input type="checkbox"/> \$ 675.
4 Games	<input type="checkbox"/> \$180.	<input type="checkbox"/> \$450.	<input type="checkbox"/> \$ 900.
5 Games	<input type="checkbox"/> \$225.	<input type="checkbox"/> \$562.	<input type="checkbox"/> \$1125.
6 Games	<input type="checkbox"/> \$270.	<input type="checkbox"/> \$675.	<input type="checkbox"/> \$1350.

VALID ONLY WHERE LEGAL

YZ 37

CANADIAN OVERSEAS MARKETING ORDER FORM

EACH BOARD = 1 GAME MARK 6 NUMBERS ON EACH BOARD YOU WISH TO PLAY

1 10 20 30 40	2 10 20 30 40	3 10 20 30 40	4 10 20 30 40	5 10 20 30 40	6 10 20 30 40
1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41
2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42
3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43
4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44
5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45
6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46
7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47
8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48
9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49

Make Cheque or Bank Draft (in U.S. Funds) payable to: Canadian Overseas Marketing and Mail to: PO. Box 48120, Suite 1703-595 Burrard St., Vancouver, B.C., Canada V7X 1S4

NAME _____ TELEPHONE AND AREA CODE _____

ADDRESS/PO BOX _____

CITY _____ COUNTRY _____

☐ Cheque ☐ Bank Draft ☐ CREDIT CARD NUMBER _____

☐ VISA ☐ AMERICAN EXPRESS EXPIRY DATE _____

SIGNATURE _____

YOU'RE LOOKING AT THE VERY LATEST IN TELECOMMUNICATIONS



45°C in the shade, Jebel Al Khashdatt, Oman. Omanis can make phone calls from here, to anywhere in the world, and never talk to an operator.

Oman has installed a cellular mobile telephone system in the Capital Area, Salalah, and along most main highways. The system gets some of its strength from the sun itself. Solar panels power isolated radio base station sites. The Ericsson-designed power system can provide the site with 1500 watts continuously for 10 days without sunlight.

The system creates an oasis of new custom-

er groups for the Ministry of Posts, Telegraphs and Telephones. Businessmen now use mobile telephones as a part of their everyday life.

Ericsson is the world's largest supplier of cellular telephone systems. 45% of all cellular callers call on Ericsson.

No wonder so many operating companies do the same. On five continents, in 22 countries, including Saudi Arabia (the world's first fully-automatic), Tunisia, China, Malaysia, Indonesia, Australia, and New Zealand.

Cellular mobile telephone systems. The latest way for you to keep profits from drying up.

ERICSSON 

Ericsson Radio Systems AB
S-16380 Stockholm, Sweden. Telephone: +46-87570000.

Get Newsweek's '87 Planner now, receive 1988 Free.

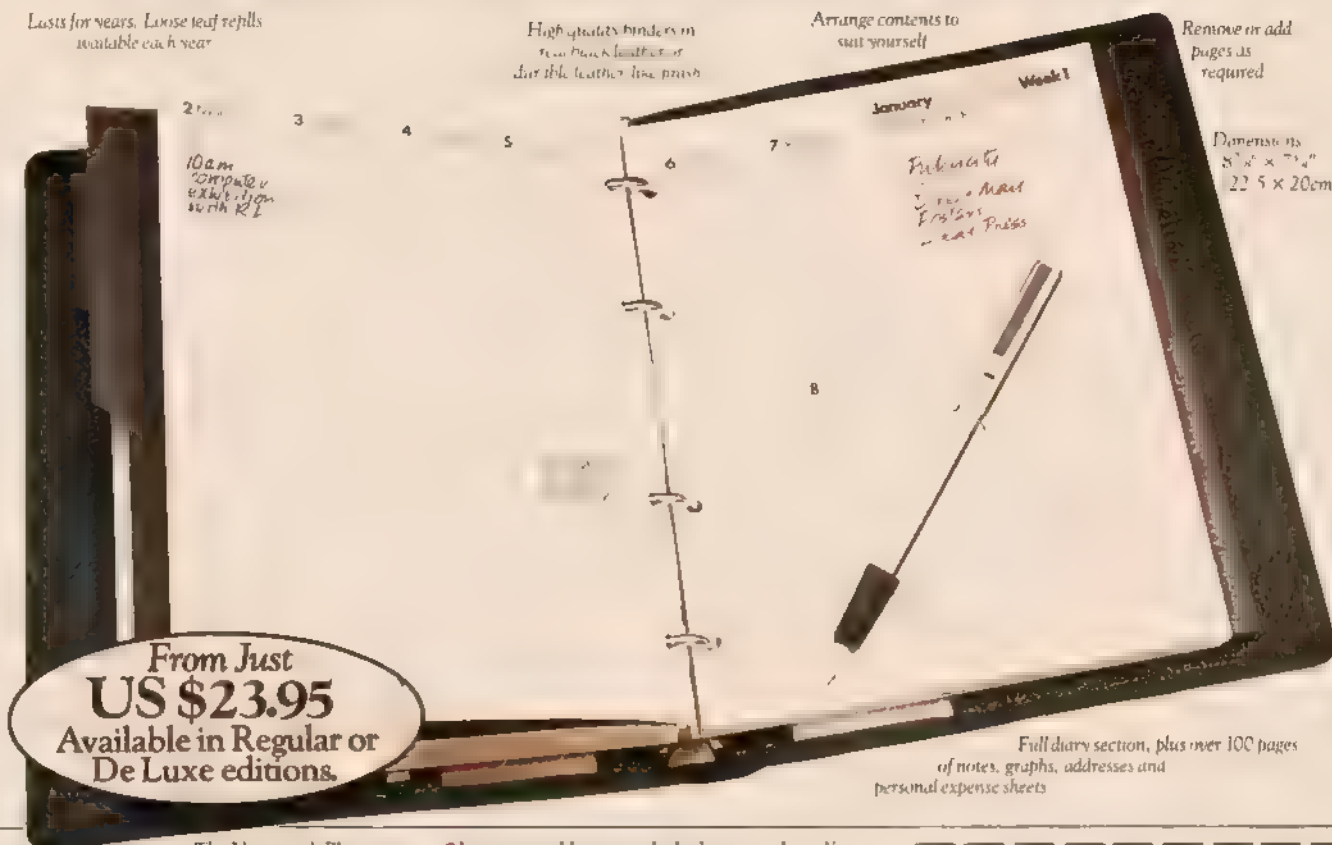
Lasts for years. Loose leaf refills available each year

High quality binders in black durable leather like finish or dark blue leather like finish

Arrange contents to suit yourself

Remove or add pages as required

Dimensions 8 1/2" x 7 1/4" 22.5 x 20cm



From Just
US \$23.95
Available in Regular or
De Luxe editions.

Full diary section, plus over 100 pages of notes, graphs, addresses and personal expense sheets

The Newsweek Planner is the best way to organise your time. And when you buy a 1987 Planner, you will get a 1988 refill sent to you, FREE, in the fall

The Planner from Newsweek can really help you organise your working day – up to a year at a time. You can track the time spent on any project, and the loose-leaf design lets you arrange your work schedule in the way that suits you best

SIX GOOD REASONS FOR CHOOSING THE NW PLANNER FOR 1987

● **Renewable diary section.** The full 12 month appointments section can be renewed each year. New diary section sent each September. Find out how much you will save against the cost of a brand new bound planner: this year, next year and for years to come

● **Important addresses and telephone numbers.** Your Planner is supplied with 48 pages to start off with, plus a handy alpha tab-index so that you can file by name, country, state. Update as you go, when addresses or phone numbers change

● **Practical and flexible.** The Planner does not restrict you to any time management system. The contents include only the most up-to-date and relevant information that a busy executive might need. You arrange the contents to suit yourself. Notes, graph and personal expense pages can be neatly slotted into a weekly appointment spread

● **Extra features:** Refill packs for the Notes, Graphs and personal expense pages, and address sections will always be available, so you need never run short. One deep pocket front and back of the binder will hold loose notes, reminders, tickets, and other personal items

● **Double value:** Your Planner will be shipped containing weekly calendar spreads for 1987. In fall 1987, a 1988 calendar refill will be sent at no additional cost



● **Choice of binders.** The Planner is available in two styles. Choose from either the Regular Planner in matt black durable leather like finish, or the De Luxe version in genuine black grained leather lined with cream coloured silk. Whichever you choose, you can be sure that your Planner will last for many years



1987 PLANNER & FREE '88 REFILL. ORDER FORM

Item	Price US\$	Qty	Total US\$
* Regular Planner # NW704	23.95		
* Deluxe Planner # NW705	34.95		
Handling & Packing per item	1.00		
Gold Blocking of 4 initials per item	4.00		
* FREE 1988 refill sent in the fall			
TOTAL US\$			

☐ Please gold block initials ☐ ☐ ☐ ☐ ☐

☐ Payment enclosed (Make check payable to Newsweek Diaries)

Charge my card ☐ AMEX ☐ DINERS CLUB
☐ MASTERCARD

Expiration date _____

Card Number _____

Signature _____

Name _____

Address _____

Country _____

Zip/Post Code _____

GUARANTEE Your planner is guaranteed to be a high quality product.

NEWSWEEK DIARIES
Dept. Z12F, Newsweek House,
Wellington Street, Slough SL1 1UG, England.

BOOKS

Portnoy-san's Complaints

'Passover' stirs anger

So far, it has not even broken up the author's marriage, but the controversy over Fumiko Kometani's novella "Passover" would appear to be adequate to ignite a medium-size diplomatic incident. The ingredients are all there: vast cultural misunderstandings, the author's interracial marriage and the recent eruption of that inexplicable prejudice, Japanese anti-Semitism. In due course, perhaps, the book will appear in English and more readers can decide whether this slim volume ought to be compared with "Fear of Flying" or "The Protocols of the Elders of Zion."

The Japanese-born Kometani is best known as the wife of Los Angeles writer Josh Greenfeld, who has written three books about life with their retarded son, Noah. "Passover" is about a Japanese woman married to an American Jew, with a retarded son, who hates her husband's family and walks out on their ritual of gluttony and hypocrisy—the Passover Seder. The book's critics are less offended by the story than by its reception in Japan, where "Passover" won Kometani the Akutagawa Prize for new writers and has sold 140,000 copies. At a time when serious Japanese writers charge that Jewish interests are arousing America's protectionist sentiments against Japan, what might have passed for a woman's diatribe against her in-laws became a symbol of the gulf between racial sensibilities in America and Japan.

Among those sounding this alarm the loudest is an American authority on Japanese literature, David Goodman, who has, says Kometani, been persecuting her in letters and articles "as if I were Eichmann." Goodman, a professor of Japanese and comparative literature at the University of Illinois, says that his problem "is less with the story and author than with the literary establishment that awarded the prize... Kometani's work conforms to the typical pattern of Japanese anti-Semitic and neo-nationalist writing. It slanders the Jews in order to vent rage against the West." Fumiko Ikeda Feingold, another Japanese woman married to an American Jew, translated some choice bits in a letter to The New York Times, including a description of the narrator's repulsive, bejeweled sister-in-law stuffing a fat slice of meat between her "thick lips painted bright red." (The passage ends with the inflammatory sentence,



VANU O KOBAYASHI, NEWSWEEK

Venting rage at the West: Kometani

"Get lost, stupid people," although others who have read it say the correct translation is "I don't care. Why should I make an effort?") "Whatever the author's intentions," Feingold wrote, "her story is bound to confirm the worst prejudices and falsest stereotypes."

That, of course, is the crux of the controversy. Kometani is horrified at the charges of anti-Semitism and insists that her book is simply about her own family. "If I had married a Buddhist, a traditional temple priest, maybe I'd write the same story," she says. Wives' complaints about their in-laws are a common theme in Japanese fiction, and "Passover" can be read in that context; as Greenfeld observes, Philip Roth has written worse things about American Jews. But Roth was writing for an audience that had other sources of information about Jews; few Japanese have even met one. And while Kometani may not have intended a reflection on Jews in general, an opposite message is conveyed by the book jacket, which features a Jewish star and the title spelled out in Hebrew.

Whatever the outcome of the controversy, at least one possible tragic result has been averted. Kometani says that whenever she meets people who know her only through the book, they ask about her "ex-husband." However, the Greenfelds are still very much married. In what she describes as a humorous postscript, Kometani thanks her husband for not learning Japanese and warns her readers not to tell him what the book is about. In fact, she eventually did a rough translation for him; he says the only thing that surprised him was the depth of Kometani's loathing for his (real-life) sister. "If you're anti-Semitic," he asks her affectionately, "how can you be married to a jerk like me?"

JERRY ADLER with BRADLEY MARTIN and HIDEKO TAKAYAMA in Tokyo and RAY SAWHILL in New York

Foreign Exchange

Country	Selling Rates Banknotes	Transfers
Algeria	18 20	4.60 dinar
Australia	1.3250	1.3900 dollars
Austria	12.35	12.50 schillings
Belgium	36.60	37.00 francs
Canada	1 3250	1.3460 dollars
Congo Rep.	297.00	298.00 CFA franc
Denmark	6.58	6.67 kroner
Finland	4.2740	4.3400 markka
France	5 8650	5.9150 francs
Germany	1.7675	1.7750 marks
Ghana	—	145.00 new cedi
Greece	116.00	129.00 drachmas
India	11.65	12.40 rupees
Israel	1.32	1.58 shekel
Italy	1,256.00	1,286.00 lire
Japan	139.00	140.00 yen
Kenya	16.20	15.75 shillings
Kuwait	0.2650	0.2715 dinar
Lebanon	—	116.00 lire
Morocco	8.10	8.23 dirham
Netherlands	1.99	2.00 guilder
Nigeria	2.65	4.05 naira
Norway	6.52	6.61 kroner
Pakistan	13.25	17.00 rupees
Portugal	130.00	137.00 escudos
South Africa	2.24	1.99 rand
Spain	120.50	123.00 pesetas
Sweden	6 1250	6.2000 kronor
Switzerland	1.4200	1.4575 francs
Tanzania	—	— shillings
Tunisia	0.6625	0.8100 dinar
Turkey	728.00	730.00 lira
Uganda	—	— shillings
Zaire	—	97.00 zaire
Zambia	7.29	7.98 kwacha
*Republic of Egypt	0.5800	0.7375 pound
*Great Britain	1 7150	1 6800 pound
*Ireland	1 5250	1 5025 pound

U.S. dollars per pound

Based on May 22, 1987. Rates supplied by Foreign Commerce Bank, 82 Bellariastrasse, CH 8038 Zurich. Branch office in Geneva.

NEW: The Jubilee Account - the Greatest ever Danish Banking Success - is now Coming to you!

7% 9%

To depositors

To shareholders

- A high rate of interest
- No notice
- Fixed interest guarantee until October 1988
- Extra interest on shareholders' deposits
- Saving in Danish kroner



Deposits are accepted during certain periods. They are now being accepted until June 30, 1987. Please return the coupon today for further information.

Please give me more information on the Jubilee Account savings and Jyske Bank shares.

Name _____

Address _____

Post code _____ City _____



Jyske Bank
Private Clients Department
Vestergade 9
DK-1013 Copenhagen V
Denmark
31 24 22 27

RELIGION

Gospelgate II

A dissident PTL faction charges that the empire's rescue was really a hostile takeover in disguise

Suddenly, the Jim and Tammy Bakker scandal has spawned a new battle in the televangelist wars: a rear-guard action, by diehard charismatics trying to oust fundamentalist preacher Jerry Falwell from the PTL empire that Bakker bequeathed him. It is probably a lost cause; Falwell is firmly in control of the PTL organization and not about to walk away from it. But he could well be damaged by the rebels' principal accusation: that far from being a selfless and reluctant rescuer of PTL, he was really a ruthless opportunist who brought off a masterly hostile takeover. "Essentially, you've got the T. Boone Pickens of the gospel world here," said Don Lee, a founder of the dissident Association of PTL Partners and one of the men leading the charge for the anti-Falwell troops.

As he has all along, Falwell insists that his motives are pure and his accusers are a misguided minority of the PTL "partners" who sent in donations amounting to \$94 million last year. "Jerry Falwell's singular goal is to salvage this ministry in total and keep it there till Jesus comes back," he told *Newsweek* last week. The dissidents want a referendum among the PTL's claimed 517,000 partners on whether Falwell should stay in charge. But Falwell maintains that the real referendum is the response to the "May emergency" he declared to deal with the cash-flow crisis stemming from the Bakkers' alleged mismanagement and extravagance. Originally, Falwell said the ministry needed \$1 million in a week and \$7 million by the end of May. The first \$1 million came in a day, he said, and with about \$3.5 million in hand, he raised the target for May to \$10 million.

The dissidents conspicuously lack firepower: the Association of PTL Partners says it has signed up only 5,000 of the PTL's claimed 517,000 regular contributors. And the case they suggest is mostly circumstantial: that Falwell, having been told of Bakker's adultery with a former church secretary by evangelists Jimmy Swaggart and John Ankerberg, seized the initiative and persuaded Bakker to give him temporary custody of the PTL; that he installed his own board of directors and purged Bakker loyalists from the PTL

staff, and that finally, having pursued a new set of charges of homosexuality against Bakker and beaten back a comeback attempt, he has what he wanted all along: PTL's cable-TV network, mailing list, theme park and revenues. The case has been compiled by Mike Evans, a minister and writer from Ft. Worth, Texas. He says he began in Falwell's corner and reluctantly came to question Falwell's motives, but Falwell's people call him a disgruntled meddler. Among the questions Evans raises:

■ *Did Falwell trick Bakker by persuading him that Swaggart was trying to take over PTL?* Not even Bakker himself has publicly made that charge, but one of his entourage told *Newsweek* that Bakker is now firmly convinced that Falwell deceived him at the start and betrayed him when he tried to reclaim his ministry. The staffer says Bakker told him that in the key meeting March 17, Bakker agreed to turn over his ministry only after Falwell persuaded him that Swaggart was out to topple him. Falwell's aides suggested a lawyer for PTL; the lawyer, Norman Roy Grutman, repeatedly and publicly warned of a "hostile takeover" attempt by an unnamed minister, and Swaggart protested that he was being unfairly accused. Falwell denies that he warned of a takeover in the one-on-one meeting with Bakker, and eventually he ordered Grutman to stop making such statements. By then, Falwell had taken control of PTL and installed a new board.

■ *Did Grutman push for the old board of directors to resign?* As former member Ernie Franzone has complained, Grutman told the directors details of the Hahn case and warned that they were in danger of legal action, that their insurance might not cover them and that they would be in a better position if they stepped down. The performance, Franzone said, was "designed to put maximum pressure upon us to resign immediately." The new board, picked by Falwell, was ready to take over. Grutman says the board's resignation was the doing of Bakker's top aide, Richard Dortch, and denies pressuring anyone.

■ *Why did the old board revoke a clause that could give PTL's assets to the parent Assemblies of God if Bakker died?* Grut-



Fighting a rear-guard action: Attorney Grutman

man says the idea came from Bakker and Dortch and that he played a neutral role. Evans says the effect was to give Falwell what should have gone to the parent church: "It seems like he ripped them off." But Grutman says the clause was legally "fuzzy," and in any case it was superseded when Bakker named Falwell to succeed him. "The suggestion that this was done surreptitiously by Jerry Falwell, by stealth, is buncombe," Grutman says.

■ *Did Falwell and Ankerberg conspire to spread a second wave of accusations about Bakker, this time involving homosexual-*

Worldly Goods

It was one of the odder collections ever on the block—including a boat, an organ, an air-conditioned doghouse and a seven-foot bronze giraffe that stood in Jim Bakker's office. PTL hoped to raise \$500,000 auctioning the relics to help defray debts.





JOE KRASKY AP

(left) with the fundamentalist preacher

ity? Ankerberg first made the charges public April 24 on Larry King's CNN talk show. A former PTL executive, Gary Smith, says he heard Falwell and Ankerberg discussing the subject the previous day and that Falwell was pleased that Ankerberg could be on the show. But Ankerberg says he didn't decide until the next morning that he would appear on the show. Both Falwell and Ankerberg deny any plot or planned leak of the accusations.

The charges of homosexuality, which Bakker denies, proved crucial to his final

downfall. Under church rules he might have resumed his ministry after a time of penance for a simple case of adultery, and Falwell says he told Bakker in March that he could return to PTL if the elders approved. Falwell says Bakker tried to tell him in a phone call last week that the time had come, but Falwell replied that he believed the stories of homosexual conduct—and when the Assemblies of God defrocked Bakker, charges of bisexual activity were among the reasons. "You cannot return," Falwell told him, "now or ever."

Ankerberg produced four witnesses to Bakker's alleged conduct at a meeting in mid-April. Falwell told *Newsweek* that one of them was Gary Smith, who said that Bakker, nude, once made advances to him. Falwell said Smith "barely escaped," and that Smith told the board: "I know now the awful feeling a woman must experience when she's being seduced by a man. It was terrible." (Smith wouldn't comment on this incident.) Falwell also said Ankerberg had "done a service for the cause of Christ" in making the accusations public.

■ *Has the PTL now turned away from Bakker's Pentecostalism in favor of Falwell's fundamentalist doctrine?* Falwell has consistently denied that he is trying to make PTL a Baptist ministry. He installed three charismatic or Pentecostal directors on his new board. But all of them have since resigned, and one, former Interior Secretary James Watt, complains that he was excluded from four "secret" meetings of board members. Falwell denies that; in one case, he says, he asked Watt to attend, but Watt declined. Watt says he now believes the stories that Falwell aims to keep PTL. "It's embarrassing how naive I was," he says.

Falwell says he gave orders last week to reinstate the charismatic Swaggart's broadcast, which Bakker had dropped, to the PTL network. But Falwell has also bought a daily half hour of PTL time for a show of his own. Evans lost his weekly program on PTL May 14 when he fell \$19,000 behind in payments; Falwell says he was ousted for that reason only, but Evans says, "If they got rid of everybody who was \$19,000 behind, there wouldn't be a preacher left on the air—including Jerry Falwell." In any case, Falwell argues, it's a mistake to dwell on doctrinal nuances. He says a survey shows that only 21 percent of PTL's contributors are charismatics.

In the end, is PTL a prize worth fighting over? Hasn't

Falwell said he might have to close the ministry because it's going broke? It's true that auditors have found about \$67 million in debt, much of it past due; it's also true that the Internal Revenue Service has warned that it may revoke PTL's tax exemption and assess huge bills for past taxes. But that dispute could take years to resolve. If what Falwell calls the "May miracle" keeps flowing, the cash problem can be solved—and another \$500,000 was to come from last weekend's auction of the gaudy baubles left in the wreckage of Jim and Tammy Bakker's reign. After having confirmed a report that \$92 million had vanished into a "black hole," PTL officials allowed last week that they had traced \$80 million of the money. Board member Bailey Smith said the ministry could liquidate its assets, pay all debts and have \$110 million left over—and he added that at this week's meeting the board would probably discuss where to begin.

That was precisely what the dissidents were afraid was in the wind that Falwell planned to fold the ministry and to use its valuables to enhance his own Thomas Road church and television ministry. He denies emphatically that he has any such plan, and PTL officials said Smith was speaking only for himself. But Lee said the dissident partners are considering a lawsuit. "We have to protect our assets," he said.

Still plugging for a referendum, Lee set up a WATS line (800-522-5397) for a straw poll. Other key players in the battle kept silent, seemingly content to let Evans and Lee draw the first fire. In Palm Springs, the only word from Jim and Tammy was the disclosure to a local paper that they were considering an offer to be guest hosts on the former Joan Rivers talk show. Fox Broadcasting Co. denied any such offer; the Bakers, confusing matters further, said they were leaning toward accepting.

Back in Ft. Mill, the network changed its name, to The Inspirational Network. PTL officials said last week that although they believed the ministry was going nowhere but up, if anything should happen to it, "the industry will know the network is standing on its own." And the Bakers, once ubiquitous in the PTL empire, are slowly being phased out. Their books and records are still sold, but there is no mention of Jim and Tammy in the 45-minute narrated tour of the park. As director Bailey Smith recently told a Baptist magazine, Falwell "is in total charge. This change marks ... the first time in history that a Pentecostal ministry has been put in the hands of Baptists." If that seemed a trifle gloating, it was also indisputably true.

LARRY MARTZ with KENNETH L. WOODWARD in New York, GINNY CARROLL in Ft. Mill, DANIEL PEDERSEN in Ft. Worth, RICH THOMAS in Washington and bureau reports



PHOTOS BY ROB NELSON. PICTURE GROUP

Wheel of misfortune: Moving the doghouse (below)



Going Against the Tide

Step by step, the Church of England (COE) moves closer to allowing women to become priests. In February the COE began ordaining women deacons who, with the exception of celebrating communion or granting absolution, fulfill many of a priest's functions. At that time the General Synod, the church's central governing body, also voted to prepare legislation that would be needed to ordain women priests. But the issue threatens the church's very fabric, and the debate is not over. The bishop of London, the Rt. Rev. Graham Leonard, 66, is staunchly opposed to women priests. Recently he spoke with NEWSWEEK's Barbara Rosen in London. Excerpts:

ROSEN: Most male deacons go on to become priests. Why shouldn't women also?

LEONARD: Women have occupied and do occupy positions of authority in our church. We have women chairing meetings of the General Synod. That doesn't worry me. But I believe that the role of a priest is to be the sacramental expression of Christ as head of the church and also, some say, to God as father. And I don't think it's an accident that God actually only chose men apostles. I can't just discard the fact that God has actually chosen to speak to man using the imagery of fatherhood, of kingship, of sonship.

You've been quoted as accusing the COE of "simply following the fashion of the world" in moving toward ordaining women priests. What do you say to those who accuse you of resisting the march of time?

The church has the job of assessing and judging the contemporary in the light of the eternal. The church must never ally itself simply with an idea that what happens

now is better than what happened 10 years ago. The mere passage of time does not make anything right or wrong. In one sense I am swimming against the tide of contemporary thought. But I don't believe that it's my job to be guided by contemporary thought in determining divine truth.

The archbishop of Canterbury has said that proponents of women's ordination, himself included, don't propose to change the nature

what I believe to be the true position, and where I believe the proposal to ordain women to the priesthood springs from error. I don't see it as if I were a politician trying to push through a particular policy or oppose it. I see it as stemming from my responsibility as a bishop to be a guardian of the truth

If the General Synod does vote to make women priests, would this split the Church of England?

It is made quite clear by the

Graham Leonard



UNIVERSAL PICTORIAL PRESS

I agree that women have been oppressed. But I don't believe the answer is ordaining them to the priesthood

of the ordained priesthood, but simply to enlarge its eligibility. How would you answer that?

I happen to believe passionately in the difference between men and women. No one who actually knew me could by any stretch of the imagination call me a misogynist. I'm sure my wife wouldn't; I've been very happily married for 44 years. I have been very critical of the masculine orientation of Western civilization. I agree that women have been oppressed, and so on. But I don't believe the answer is ordaining them to the priesthood, which too often seems to me to be a desire to be like men.

How do you see your role in this debate?

My role is to make clear

Bishops' Report calling for legislation to ordain women] that if it were to go through, there would be those who would have to leave. Ten years ago we were being told that unity was the one thing that really mattered above all else. Now we're being told that this one issue, the ordination of women, is so important that it's even more important than preserving the unity of the church

You've been reported as saying that you would lead an alternative church.

If I were asked to lead [those who'd leave the COE], to help them. I would. But I haven't said I would do it by leading an alternative church. One would look round and see what other ways there were of

existing, if there was another Christian body with which you could be associated. I do not want to set up a new separate organization. I believe this would be wrong. It's terribly hard at this juncture to say exactly what will happen. People will react in different ways—feel they'd have to give up, feel they could somehow soldier on with an uneasy conscience, the whole range. Sorting that out will be a painful and lengthy process. The thing is to see that the proper pastoral care is given for everybody. I do not want to have an unhappy break. I've talked about trying, if we have to separate, to find amicable ways of doing so.

How many others do you think would feel obliged to leave?

I don't know. When I invited people to sign a register that simply [asked] who thought that the ordination of women would imperil the doctrinal position of the Church of England, more than 20,000 signed. But of that number, I've no idea how many would leave. I'm quite certain some would simply disappear into the wilderness, just try and live a Christian life without actually going to church and receiving the sacraments.

You're 66 now and must retire at 70. If a decision to ordain women comes after you've retired, would you still feel obliged to leave the Church of England, and if so, where would you turn?

I wouldn't continue to live my Christian life as a member of the Church of England, because I would feel it would have made a fundamentally wrong decision. I've not made any approaches to any other Christian bodies. I'm waiting at the moment to see what the legislation is before I make any kind of decisions about that

Artificial intelligence is growing up in Montpellier. And you thought it already had everything.

Optimal conditions for the growth of advanced technology. A wealth of resources for the development of artificial intelligence. A fertile environment that stimulates innovation. Montpellier Languedoc-Roussillon Technopole is meeting the challenges of the 21st century head on.

But the Montpellier of the future will always be Montpellier, steeped in history and alive with the vitality, spontaneity and rich culture that endear this city to all who know it.

Today, Montpellier has won its place as the Southern capital of Europe. An invigorating capital that will continue to win hearts and maintain that special charm that has worked for centuries.

Georges FRECHÉ
The Deputy Mayor of Montpellier



MONTPELLIER



L.R. TECHNOPOLE

For any inquiries : DISTRICT DE MONTPELLIER, 14, rue Marcel-de-Serres.
34000 Montpellier • France • Tél. : 67.52.18.19 • Télex : DUAMF 490531 F • Télécopie : 67.61.02.20

**MORE
VALVES
MORE
VERVE**

*Toyota introduces multi-valve
benefits to mid-class family cars:
read the surprising story here.*

...ADDS FUN TO THE PRACTICAL SIDE OF LIFE.



**TOYOTA
MULTI-VALVE
ENGINE**

Toyotas are economical cars. That's no surprise. A Toyota Camry is economical even at 180 km/h. That sounds quite surprising, so let's pop the bonnet and have a look. Immediately, Toyota's state-of-the-art 2 litre engine attracts our attention with its 16 valves. Output is no less

than 121 hp/89 kW. Impressive evidence of Toyota's leadership in multi-valve engines, with over 2 million produced to date. Indeed, our European competitors' embrace of multi-

valve technology proves we've been on the right track. Right from the start. Simply put:

more air produces more efficient combustion, for more power and more drive. At the same

time, it produces less fuel consumption and less pollutants. All these advantages thanks to the additional intake valve and exhaust valve. That's



multi-valve technology. So if you're planning on buying a new car soon, first look into the number of valves. Then, for more pleasant surprises, look into a Toyota. The one to catch.

Specifications of pictured model may vary by country.

TOYOTA



Binson & Beger

Discover gold